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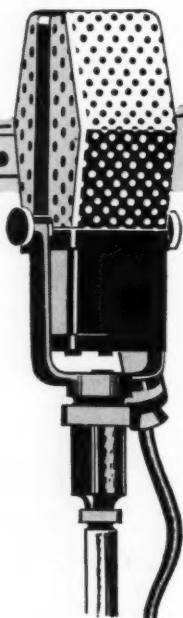
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*Mutual* LIFE Insurance Company  
BOSTON, MASSACHUSETTS  
GROUP DIVISION

THURSDAY, APRIL 4, 1957

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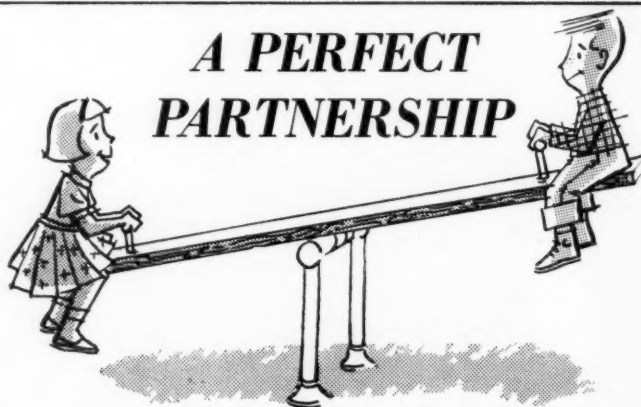
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AMERICAN HOME ASSURANCE COMPANY**

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Incorporated 1848**





# The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

April 4, 1957  
61st. Year, No. 14

## New Multi-Peril Conference Expected May 1, Murphy Tells Buffalo I-Day; New Industrial Form Ready to Write Soon

The "merger" of Multiple Peril Insurance Rating Organization and Inter-bureau Insurance Advisory Group is not strictly a merger but a consolidation which will involve the voluntary liquidation of each organization and formation of a new advisory organization to be known as Multi-Peril Insurance Conference, Joseph F. Murphy, counsel of America Fore, told Buffalo I-Day.

Mr. Murphy also said that the new industrial property form is expected to be ready for use "very soon."

The proposed MIC will function as an advisory organization for members and subscribers and make appropriate recommendations for multi-peril coverages to the national, regional and local fire rating organizations and the traditional casualty and inland marine rating organizations, he said. Its jurisdiction will include multi-peril dwelling coverages as well as such industrial multi-peril coverages as manufacturer's output, industrial property form, commercial property coverage and office contents special form.

The proposed agreement of consolidation and the proposed constitution of the new organization have been sent to members of Empiro and Inter-bureau and meetings of the members of each group have been scheduled for early April. Favorable action is anticipated. In that case MIC will come into being May 1.

One primary and specified objective

of the new organization will be to develop and sponsor one form of multi-peril policy for dwellings, Mr. Murphy said. At this time no definite statement can be made as to what policy form or forms will ultimately result. But it is reasonable to believe that the ultimate product will incorporate the best features of both homeowners and comprehensive dwelling policy, perhaps in part providing for the flexibility of the CDP with the ease of preparation of homeowners.

Since 1950 multi-peril dwelling coverages have proceeded from concepts to realities, he said, and cited written premiums of homeowners A, B and C in 1955 as approximately \$83,500,000 and in 1956 as approximately \$173 million. The CDP, on the same basis, did approximately \$6 million in 1955 and an estimated \$30 million in 1956.

These figures he broke down as follows for homeowners for the two years: Empiro \$43,241,000 and \$85 million, Interbureau \$16,249,000 and \$50 million (estimated), North America \$13 million and \$18 million, and miscellaneous \$11 million and \$20 million.

For CDP the breakdown is, he said: Empiro \$1 million and \$5 million, Interbureau \$3,970,000 and \$20 million, and miscellaneous \$1 million and \$5 million.

In New York state premiums ran approximately \$11 million and \$23 million for homeowners, and \$600,000 and \$3 million for CDP, for those two years.

Inherent in the development of all multi-peril coverages is the certain expense economies which justify rate discounts, Mr. Murphy continued. This, combined with enforced insurance to value and discouragement of adverse selection, have been generally used in support of downward departures from tariff rates. While data is incomplete and somewhat unsatisfactory, in part due to the difficulty of computing earned premiums by judgment factors which must be employed where there are different terms of coverage and rising premium volume, Mr. Murphy did estimate the situation as follows:

CDP in 1955 on nationwide premiums of Interbureau members and subscribers of \$3,970,000, had losses incurred of \$347,000, of which \$133,000 were fire, \$112,000 allied lines and \$100,000 casualty. Using factors which consider term, earned premium by month and increasing volume, there is estimated to be approximately \$700,000 earned or a rough computation of a 50% loss ratio. This, the experts say, may not be too favorable for new coverage, he said.

On homeowners the record is somewhat more complete with a national rating organization reporting for 1955 an earned premium of \$10,500,000 and

(CONTINUED ON PAGE 25)

## Hearings Continue on ICT Disaster

Two former chairmen of the Texas board of commissioners, Garland A. Smith and J. Byron Saunders, were accused of a "gross breach of public trust" in dealings with ICT in a formal report filed April 1 by the special house investigating committee.

Evidence involving the two ex-commissioners and Max Wayne Rychlik, Mr. Smith's son-in-law, will be turned over to a Travis county grand jury, the committee announced through its chairman, Rep. Scott McDonald of Fort Worth.

The committee noted in its report to the house that it had "found evidence of substantial payments made under questionable circumstances by the ICT and other BenJack Cage companies" to these three men, each of whom had testified during the hearings. It also took note of similar payments made to L. W. Blanchard, former chief examiner, and Robert Butler, former supervisor of examiners, for the board, who are now under medical treatment.

The report saddled Mr. Cage with a major portion of the blame for ICT's ultimate collapse and pointed out that the directors, many of whom were officials of organized labor, had given Mr. Cage full responsibility for operating the firm under a management deal.

The committee recommended new legislation empowering the board to control management firms in the same way it controls a company. After commending the 1955 remedial legislation, the committee added that it had evidence there are "probably several other companies" organized prior to that period that "will find themselves in an insolvent condition in the near future." No companies were named.

AUSTIN—Top officers of Texas Federation of Labor, in further testimony late last week before the house investigating committee on the collapse of ICT of Dallas, gave new details of their complete "reliance" on BenJack Cage, founder and promoter, in operations of the company and its affiliated firms.

The principal witnesses from union labor ranks were Jerry Holleman, vice-president of the company and executive secretary of the federation; William J. Harris, former federation president, and Paul C. Sparks, former secretary. They went back to 1951, when Mr. Cage "sold" labor on backing an

(CONTINUED ON PAGE 35)

## Local Board Tax Problems Aired by Midwest Agents

Hanson and O'Hara  
Discuss IRS Rulings  
on Ad Expenditures

An overflow crowd at the Midwest Territorial Conference of National Assn. of Insurance Agents at French Lick last week heard G. S. Hanson, New York, NAIA executive secretary, and J. H. O'Hara, Indianapolis, counsel Indiana Assn. of Insurance Agents, discuss the federal income tax status of agents' associations. The two talks were followed by a lively open discussion in which representatives of many local boards and state associations participated.

Interest in this subject has been acute since Harlingen (Tex.) Assn. of Insurance Agents received an adverse ruling from internal revenue service last fall. C. W. Tye, NAIA special tax counsel, is representing the Harlingen board and has requested reconsideration of the ruling. So far, there has been no action on this request.

Mr. Hanson explained the background. Section 501-c-6 of the internal revenue code exempts a number of organizations from taxation, including "business leagues," provided they are not organized for profit and no part of any net earnings of the league goes to the benefit of shareholders or individual members. This section is backed by an internal revenue regulation which has been in force since 1918. This regulation defines exempt business leagues as organizations of persons having common business interests, for the purpose of improvement of the business, as distinguished from performing particular services for individual members. The Harlingen board had conducted extensive local advertising, listing the names of its 13 member agencies. It had no source of income other than dues and spent 49% of its income on this advertising program. The basis of the adverse ruling was the percentage of the board's money spent for advertising and the specific listing of the names of members.

Mr. Hanson said he does not think the proportion of money spent for advertising is a particularly important factor, since in 1942 the board of tax

(CONTINUED ON PAGE 35)

## Highlights of the Week's News

- SAC establishes award for state which best aids local board in public relations, expresses preference for multiple choice package ...Page 6
- General Re volume up in 1956, makes underwriting gain ...Page 29
- Southern agents hear Stellwagen describe elements in the art of underwriting and how it must be practiced ...Page 10
- North American Re elects two to vice-president ...Page 22
- Diamond reaffirms his position on independent action ...Page 4
- Midwest conference told: Safety program can spotlight agents and bring in business ...Page 15
- Give agenda for Iowa agents annual convention program ...Page 34
- Name five speakers for international insurance parley ...Page 34
- Brownlee resigns as Texas commissioner ...Page 12
- Traffic deaths down 7% in February ...Page 12
- Extended cover rate in Arkansas goes up 25% for non-deductible ...Page 17
- Appoint Zalinski executive vice-president of Life of North America ...Page 9
- Two Pacific coast casualty associations hold annual meetings ...Page 2
- Frellich elected by Illinois federation at annual meeting ...Page 16
- General liability rules and rates are revised by bureaus ...Page 16
- Rocky Mountain AR plans report on 1956 ...Page 35
- All-Industry setup opposed by broker ...Page 33

## Late News Bulletins...

### Dallas Tornado Loss About \$2 Million

Preliminary estimates early Wednesday by General Adjustment Bureau indicate the insurance loss from the tornado that hit Dallas Tuesday will be less than \$2 million. Loss was confined to an area about 20 blocks long and two blocks wide in a section of inexpensive homes. Fewer than 500 houses were damaged or destroyed, and the worst losses reported early were to the surgical plant of Johnson & Johnson and the Dixie Wax Paper Co.

The Dallas tornado loss does not compare to that at Waco in 1953. This week's

(CONTINUED ON PAGE 36)

## Two Big Pacific Coast Casualty Associations Hold Annual Meetings

SANTA BARBARA—Pacific Insurance & Surety Conference and Pacific Coast Advisory Assn. at their annual meetings here last week elected these officers:

Pacific Insurance & Surety Conference—President, Raymond L. Ellis, vice-president of Fireman's Fund; vice-president, Joseph L. Morrison, vice-president of Industrial Indemnity; secretary-treasurer, James T. Blalock, vice-president of Pacific Indemnity. Members board of governors—R. L. Bernard, Anchor Casualty; John T. Gurash, Meritplan; A. J. Morrisey, Employers Casualty; Maxwell N. Unger, Oregon Automobile.

Pacific Coast Advisory Assn.—President, James T. Blalock, vice-president of Pacific Indemnity; vice-president, Raymond A. McGuire, executive vice-president of Pacific Employers; secretary-treasurer, James E. McGuigan, vice-president and treasurer of National Automobile & Casualty. Members board of governors—Wm. F. Gaynor, Pacific Indemnity; E. E. Sawyer, Founders; John Q. McClure, National Auto & Casualty; J. W. Reynolds, United Pacific.

The outstanding feature of the sessions was the address of Commissioner F. Britton McConnell at the conference luncheon. Mr. McConnell pointedly set forth that the department of insurance must function only under the provisions of the laws as enacted by the legislature, and that the commissioner has no inherent power to make rules

and regulations contrary to the laws. He asserted trade organizations are for the interest of the public and will become more so. He said that for years there have been consultations between California Inspection Rating Bureau and the department and they always have been in the interest of the public. He declared there must be cooperation between trade organizations and the department.

Singling out the controversial FTC-insurance industry situation, he declared that Fireman's Fund in contesting FTC did the public a service.

He called attention to areas in which the government is taking more than passing interest, among them nuclear energy and flood insurance. If flood insurance should become subsidized by government, it would not be insurance, he said, adding that government should have no part in such insurance. Calling attention to government life insurance as being subsidized, he said the dividend checks being mailed to beneficiaries come within the purview of false advertising.

## Millers National, Illinois Fire Report on 1956

Millers National's premiums were \$4,329,494 in 1956, and unearned premium reserve was \$5,095,919. Assets were \$10,391,038, and policyholders' surplus was \$3,936,861.

Illinois Fire, the wholly owned subsidiary, reported premiums for 1956 at \$1,945,525 and unearned premium reserve was \$1,981,746. Assets were \$4,285,176, and policyholders' surplus \$1,750,466.

## Security-Conn. Has Four New Officers

Security-Connecticut has named Ferdinand A. Hall, Marion H. McCown and Donald M. Witmeyer vice-presidents and John E. Lloyd controller.

Mr. Hall began in insurance in 1937 and in 1942 joined Security as a special agent in Los Angeles. Subsequently he was in charge in inland marine operations on the west coast and later was made manager at Los Angeles. Upon the retirement of E. V. Oliver, he was elected secretary in 1956 and placed in charge of Pacific operations, which will continue to be his responsibility. He is a member of the governing committee of Pacific Fire Rating Bureau.

Mr. McCown joined the companies as state agent in North Carolina in 1948. Later he transferred to the home office and, as an assistant secretary, was in charge of fire underwriting for the southern territory. In 1955 he advanced to secretary and as vice-president will be responsible for the companies' activities in the southern division.

Mr. Witmeyer joined the group in 1946 as special agent in eastern New York. In 1952 he went to the home office as manager of research and development. In 1955 he was elected secretary. As vice-president, he is in charge of the companies' activities in the eastern division. He is an officer of the Connecticut CPCU chapter.

Mr. Lloyd joined the group in 1946 as an accountant. In 1952 he was promoted to chief accountant and in 1956 to manager of the accounting and statistical departments. He is secretary of the New Haven chapter of National Assn. of Cost Accountants.

## Home Reviews 1956 for Stockholders

At the annual stockholders meeting of Home in New York, which is traditionally open to members of the press, President Kenneth E. Black commented on the group's 1956 experience.

He pointed out that if Home's premium subject to deferred installments were included in its writings for 1956, those writings would be increased \$74 million. He also noted that the company is entitled to a \$3,587,000 federal tax refund in 1957 on 1956 business, and because of its \$17,700,000 underwriting loss in 1956, has earned a \$3,750,000 tax credit in connection with future earnings. There were also substantial additions to premium and loss reserves.

He reiterated that the three basic problems facing property insurers are inflation, inadequate rates which do not reflect much of 1955 and none of 1956 experience, and the violent competition of recent years which enforced price and form conditions not conducive to earnings.

He said Home has stepped up its program of improvements in underwriting and in reducing or holding the line on costs. There is also progress being made in the field of rate increases.

Stockholders voted a decrease in the number of directors from 25 to 24.

Mr. Black gave his annual review to stockholders flanked by his vice-presidents, and at the close of the meeting Miss Barbara Sincerbeaux of the personnel department showed the slide film which she uses in lining up high school graduates for work at Home. Mr. Black pointed out the one

## "Insurance Trends" Is Theme of Minn. Agents Convention April 24-26

"Insurance Trends" will be the theme of Minnesota Assn. of Insurance Agents' spring convention at Minneapolis April 24-26.

Robert W. Osler, vice-president of Rough Notes Co., will keynote the convention with a talk entitled, "Is the American Agency System on the Ropes?" William E. Brandow, Minneapolis, James Anderson, St. Paul, and Glen W. Schodde, Bauman & Gordon general agency of Minneapolis, will present a panel discussion, "The Trend of CDP vs Homeowners." Howard Dumphy, Minneapolis, will be moderator.

Improved claim service for different lines will be discussed by George C. Schoettle, Western Adjustment, fire; Walter Robb Jr., U.S.F.&G., casualty, and Charles P. Johnston of Minneapolis, the agent's viewpoint. William Peet, Marsh & McLennan, and Robert Duffus, Aetna Casualty, will discuss the progress of the family auto policy.

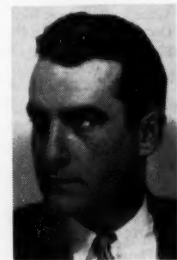
Agents from rural areas will hear a review of changes in the handling of school insurance by George A. Horeish, St. Paul F.&M. group, at a breakfast meeting April 26, and R. D. Clough, Fireman's Fund, will discuss the new farm form. At a separate breakfast, metropolitan agents will hear Yale Wiegard, Aetna Casualty, who will review fidelity bonds, and Alec Dean of Minneapolis, who will discuss agency management.

A panel and demonstration of the commercial property floater will be presented to both groups in a joint meeting by Ted Valine & Associates.

Legislative trends will be presented by a panel as the final event of the conference. Panel members and their fields of legislative discussion are: John A. Kohler, Minneapolis, fire insurance; Thomas Mungavan, Minneapolis, casualty and surety; Hamilton Ross, Minneapolis, A&S; Donald Moor, Marsh & McLennan, workmen's compensation, and Edward Sivright, Minneapolis, panel moderator. Commissioner Sheehan of Minnesota will also participate in the discussions.

R. E. Myhre of Minneapolis is general chairman of the convention.

## Scheer Lannan & Co. V-P



James Scheer

James Scheer has been elected vice-president of Lannan & Co., insurance brokers of Chicago, Pittsburgh, New York and Minneapolis. He will be in charge of the personal accounts division. He has been with Lannan & Co. for 2½ years.

Donald A. Ramas has joined G-M Adjusting Co. of Detroit. He has been with Underwriters Adjusting.

of the company's greatest assets consists of the people who work for it, and the problem of personnel has steadily grown more acute and important. Today the companies have to go to schools to get employees. Miss Sincerbeaux commented that this spring one of the schools to which she goes each year has been approached by 99 companies and corporations for employees.

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**KEMPER INSURANCE REPORTS:****Highlights of 1956 for all companies of the Kemper group:**

Assets: \$301,074,929      Underwriting Earnings: \$21,604,237  
 Investment Earnings: \$6,979,531      Premium Income (sales): \$174,839,966  
 Report for four individual companies:

**Lumbermens Mutual Casualty Company**

Chicago 40

Statement at the close of business December 31, 1956, as reported to the Department of Insurance, State of Illinois

(All bonds amortized. Stocks at book value, which is less than market value. If all stocks were valued at market, assets would be increased \$5,567,678.80. Surplus would rise by the same amount, less a reserve with which to pay the 25% capital gains tax.)

**ASSETS**

|   |                         |
|---|-------------------------|
| Cash in banks.....                                  | \$ 9,237,220.04         |
| U. S. government bills, certificates and notes..... | 83,771,655.33           |
| U. S. government bonds.....                         | 57,183,357.18           |
| Canadian government bonds.....                      | 3,501,854.48            |
| State, county and municipal bonds.....              | 15,051,032.67           |
| Public utility and other bonds.....                 | 13,625,044.02           |
| Stocks.....   | 8,947,009.68            |
| First mortgages and collateral loans.....           | 1,097,242.42            |
| Real estate (including company buildings).....      | 12,864,660.59           |
| Premiums in transmission.....                       | 3,946,845.43            |
| Accrued interest and other assets.....              | 1,316,751.55            |
| <b>Total assets.....</b>                            | <b>\$210,542,673.39</b> |

**LIABILITIES**

|  |                         |
|--|-------------------------|
| Reserve for losses and adjusting expenses.....   | \$106,796,911.00        |
| Reserve for unearned premiums.....               | 40,386,582.00           |
| Reserve for taxes, expenses and reinsurance..... | 8,634,893.59            |
| Reserve for dividends to policyholders.....      | 19,724,286.80           |
| Reserve for portfolio fluctuation.....           | 5,000,000.00            |
| <b>Reserve for contingencies.....</b>            | <b>5,000,000.00</b>     |
| <b>Total.....</b>                                | <b>\$185,542,673.39</b> |
| <b>Net Surplus.....</b>                          | <b>25,000,000.00</b>    |
| <b>Total.....</b>                                | <b>\$210,542,673.39</b> |

Securities carried at \$14,363,505.32 in the above statement are deposited as required by law.

**American Manufacturers Mutual Insurance Company**

Home Office: New York 17; Executive Office: Chicago 6

At the close of business December 31, 1956, as reported to Insurance Department, State of New York

Bonds on amortized basis. No bonds in default as to principal or interest. Stocks at book, which is less than market. If all stocks were valued at market, assets would be increased \$480,487.12. Surplus would rise by the same amount, less a reserve with which to pay the 25% capital gains tax.

**ASSETS**

|   |                 |
|---|-----------------|
| Cash in banks and office.....             | \$ 1,620,444.34 |
| U.S. government obligations due 1957..... | 2,580,939.93    |
| U.S. government bonds and notes.....      | 7,516,593.01    |
| Canadian bonds.....                       | 394,561.78      |
| State and municipal bonds.....            | 1,277,628.43    |
| Public utility and other bonds.....       | 1,858,070.51    |
| Stocks.....                               | 1,356,487.38    |
| First mortgage loans on real estate.....  | 931,446.44      |
| Premiums in transmission.....             | 291,105.25      |
| Other assets.....                         | 577,062.92      |

**TOTAL ASSETS..... \$18,404,339.99****LIABILITIES**

|  |                 |
|--|-----------------|
| Reserve for unadjusted losses.....                     | \$ 1,482,531.00 |
| Reserve for unearned premiums.....                     | 9,831,306.00    |
| Reserve for taxes, expenses and other liabilities..... | 1,077,030.04    |
| Reserve for dividends to policyholders.....            | 1,763,472.95    |

**TOTAL..... \$14,154,339.99**

|   |               |
|---|---------------|
| Guaranty fund (Sec. 76, N.Y. Ins. Law).....       | \$ 500,000.00 |
| Reserve for security fluctuation (voluntary)..... | 500,000.00    |
| Reserve for contingencies (voluntary).....        | 500,000.00    |
| Surplus.....                                      | 2,750,000.00  |

**SURPLUS AS REGARDS POLICYHOLDERS..... 4,250,000.00****TOTAL..... \$18,404,339.99**

Securities carried at \$864,578.24 in the above statement are deposited as required by law.

**American Motorists Insurance Company**

Chicago 40

As of December 31, 1956, as reported to the Department of Insurance, State of Ill. All bonds amortized. Stocks at book value, which is less than market value.

**ASSETS**

|   |                        |
|---|------------------------|
| Cash in banks.....                                  | \$ 5,019,578.61        |
| U. S. government bills, certificates and notes..... | 22,979,247.66          |
| U. S. government bonds.....                         | 23,993,295.31          |
| State, county and municipal bonds.....              | 5,770,968.21           |
| Public utility and other bonds.....                 | 2,745,736.28           |
| Stocks.....   | 887,236.14             |
| First mortgage loans on real estate.....            | 65,045.41              |
| Premiums in transmission.....                       | 2,604,594.08           |
| Accrued interest and other assets.....              | 1,130,908.98           |
| <b>Total assets.....</b>                            | <b>\$65,196,610.68</b> |

**LIABILITIES**

|  |                        |
|--|------------------------|
| Reserve for losses and adjusting expenses.....   | \$32,473,938.00        |
| Reserve for unearned premiums.....               | 14,576,582.00          |
| Reserve for taxes, expenses and reinsurance..... | 2,795,601.81           |
| Reserve for dividends to policyholders.....      | 5,350,488.87           |
| Reserve for portfolio fluctuation.....           | 1,000,000.00           |
| <b>Reserve for contingencies.....</b>            | <b>1,000,000.00</b>    |
| <b>Total.....</b>                                | <b>\$57,196,610.68</b> |

Capital stock..... \$4,000,000.00

Net Surplus..... 4,000,000.00

Capital stock and surplus..... \$ 8,000,000.00

**Total..... \$65,196,610.68**

Securities carried \$3,095,240.97 in the above statement are deposited as required by law.

**Federal Mutual Insurance Company**

Boston 16

Statement at the close of business December 31, 1956, as reported to the Massachusetts Insurance department.

Bonds on amortized basis. No bonds in default as to principal or interest.

**ASSETS**

|  |                       |
|--|-----------------------|
| Cash in banks.....                     | \$ 320,361.06         |
| U.S. government obligations.....       | 2,236,877.43          |
| Public utility and other bonds.....    | 389,205.64            |
| Reinsurance treaty deposits.....       | 517,127.94            |
| Premiums in transmission.....          | 240,887.64            |
| Accrued interest and other assets..... | 113,510.36            |
| <b>Total assets.....</b>               | <b>\$3,817,970.07</b> |

**LIABILITIES**

|  |               |
|--|---------------|
| Reserve for unadjusted losses.....                     | \$ 166,901.00 |
| Reserve for unearned premiums.....                     | 1,395,021.00  |
| Reserve for reinsurance treaty deposits.....           | 517,127.94    |
| Reserve for taxes, expenses and other liabilities..... | 185,865.83    |
| Reserve for dividends to policyholders.....            | 253,054.30    |

**Total..... \$2,517,970.07**

Guaranty fund..... \$500,000.00

Reserve for contingencies (voluntary)..... 200,000.00

Surplus over all liabilities..... 600,000.00

**SURPLUS AS REGARDS POLICYHOLDERS..... \$1,300,000.00****Total..... \$3,817,970.07**

Securities carried at \$281,055.72 in the above statement are deposited as required by law.

CHICAGO 40

**BRANCHES IN:**ATLANTA • BOSTON • COLUMBUS • DALLAS • LOS ANGELES • NEW ORLEANS  
NEW YORK • PHILADELPHIA • SAN FRANCISCO • SEATTLE • SUMMIT, N. J. • SYRACUSE • TORONTO

## Diemand Reaffirms His Position of Independent Action in Chicago Talk

John Diemand, president of North American companies, raised again the issue of independent action in insurance in his address before Insurance Federation of Illinois last week at Chicago. He said the agency stock companies have fallen behind the growth pattern within the insurance business for a reason that is "clear and cannot be too strongly stressed: Negative, defeatist thinking."

The majority of the stock companies have ignored the needs and desires of the buyers, Mr. Diemand charged, and have obstructed efforts of independent companies attempting to make changes with the public needs in view. The



John Diemand

record of insurers as to competition in its proper sense shows, he asserted, that all segments of the business have not been equally willing to engage in it. "No one who has been in the business for as long as 25 years can review that period and remain free of doubt on this point."

Mr. Diemand cited the marine definition as a device to put coverages into "agreed pigeonholes" and to keep all hands "at their own knitting." The strict segregation and control over rating of multiple line policies was questioned by Mr. Diemand as to being evidence of a willingness to compete and have a new stand in comparison with the old. He wondered if it does not indicate the "tremendous power over the actions over the companies (of the rating bureaus). Have the servants of the companies become their masters?" he asked. "Are they another obstacle to growth? Is the referral of these rating matters necessary, or is

it done primarily to satisfy the insistence of the bureaus upon their jurisdictional prerogatives?"

The resume of the salient points of Mr. Diemand's address follows:

Over 25 years average insurance stock prices are up 459%, but Dow-Jones for all industrials is up 541%. We, as an industry, do not seem to be setting new records for the course, and within the industry all segments have not shared equally in the over-all growth. In 1940 stock agency companies wrote about 75% of the fire, marine and casualty business of the United States. At the end of 1956, this figure dropped to about 60%. Thus, while the market for insurance has been growing, our share of the market has been declining. An obvious fact confronts us, Millions in premiums have been lost by the stock agency companies and millions in commission income have been lost by the agency system.

This alarming trend poses difficult problems and it demands solution.

A growing number of potential policyholders is not enough to guarantee insurance growth; a 3 million annual population increase would only amount to \$390 million of new premiums at an average of \$130 per person per year. Potential buyers must be made into actual customers; and for this there must be both ability and desire to buy.

With respect to increasing ability to buy, insurance is not so favorably situated as some other businesses. The "product" cannot be used for further production. However, in the field of preserving ability to purchase, insurance is unique and outstanding. It is difficult to imagine how many bankruptcies were averted and how many man-hours of work were thus preserved through having these insurance dollars readily at hand to cushion the shock of calamity. This is not to say that the task in this field has been fully performed in the past, or that it cannot be better done in the future. No one who gives even a casual look at the business can believe that full coverage is now available for all risks. Uninsured motorists, flood, variable annuities, and nuclear reactors act as key words to suggest a few of the unsolved problems. For each one that remains unsolved there remains the possibility that its occurrence may deplete purchasing power.

The desire to buy is a factor very largely within the control of the industry; but it is something which whole sectors of the business seem to misconceive completely.

Contrary to what seems to be the impression of a great number of so-called "producers" and company executives, insurance is not a necessity—in the sense that people are born with a built-in desire to buy it. It has to be sold.

By and large, the average man does not instinctively feel that his house may burn down tomorrow, or that he may be hit by a car. If he did, he would go mad with worry—and the current fad for tranquilizers would become a national addiction. Again, since very few people frame and display their insurance policies, equally few know or care whether they are "keeping up with the Joneses" in this respect.

Nothing beats a campaign of personal interviews by a producer with facts, figures, application blanks and a pen in hand. But how frequently are such campaigns conducted? The evidence is that personal sales by stock

agency representatives have fallen way behind our direct writing competitors who have employed this method so successfully.

Why is it that our segment of the business has not been more effective in keeping pace with the remainder? The reason is clear and cannot be too strongly stressed: Negative, defeatist thinking!

Nothing can cripple a sales effort more completely than belief by the salesman that his prospects do not want modification, changes or improvements in his wares. And nothing is more tragic from his standpoint than the fact that this belief is false. Yet time and again this situation has occurred in insurance. Let me mention just a few examples:

The report of the multiple line underwriting committee made to National Assn. of Insurance Commissioners in Chicago in 1944 suggests the kind of negative thinking at the highest level which had to be overcome before that report could be made and accepted.

One of the members of the committee suggested to the then chairman of Insurance Executives Assn., the then leader of the stock fire branch of the business, that "the buyer of insurance today is getting a little impatient with a couple of things. One is having to do business with a multiplicity of companies, and having a pile of policies where fewer could suffice". This was the reply: "I have talked with a number of companies about it, not just the chief executives, but the guys who go out and get the business. I am informed that there is no demand for that (i.e. multiple line underwriting)." Notice that no reference was made to the buyer of insurance—although he pays the bills, his desires or needs apparently were not even considered.

The fallacy of this view is obvious. Within five years virtually every state legislature, convinced by evidence of broad public demand, had passed laws enabling full multiple line underwriting in the non-life field. Today both sides of the house record steadily mounting sales of package policies at price savings. There is a growing sentiment to extend the concept across the life and non-life border.

A second example is the installment premium endorsement. Having tried without success to get the fire branch as a whole to adopt this obvious convenience to the policyholder, the principle of which was already widely used in marine and casualty fields, my own group decided to try it on their own. Here we found a truly striking example of the negative sales approach.

Over a period of six years, from 1945 to 1951, our competitors faced us in administrative hearings and court reviews with the argument that, "There is no demand for this." State by state they were proven wrong, as the form was put into use and its sales leapt; yet state by state the same cry was raised.

The first few times such misjudgments of public reaction are made it is charitable to assume they result solely from misinformation. The next few times can be attributed to stubbornness. Finally one begins to look for other causes.

What those causes may be is suggested when we turn from what I call the "external" growth factors in our business—the ability and desire of the public to buy—and analyze the corresponding "internal" factors—the ability and desire of insurers and producers

(CONTINUED ON PAGE 31)

**IS A  
HOSPITALIZATION  
PLAN  
ENOUGH  
?**

Certainly not if the pay check stops when an accident or illness occurs. The weekly income feature of an Accident and Sickness policy will convert into clients many prospects who never before stopped to think about this supplement to their insurance protection.

### LONDON & LANCASHIRE GROUP



THE LONDON & LANCASHIRE INSURANCE COMPANY, LTD.  
SAFEGUARD INSURANCE COMPANY  
STANDARD MARINE INSURANCE COMPANY, LTD. (Fire Department)

20 Trinity Street, Hartford, Connecticut  
NEW YORK • CHICAGO • SAN FRANCISCO

A firm friend  
of the  
American Agency System



## BEAT COMPETITION TO THE DRAW!



IT'S  
NEW!

### PIONEER'S COMPREHENSIVE FAMILY

ALL  
IN  
ONE  
**P**ROTECTOR  
POLICY

### NOW! FOR THE FIRST TIME...

3 MAJOR COVERAGES IN A SINGLE POLICY:

1. FAMILY AUTOMOBILE
2. COMPREHENSIVE PERSONAL LIABILITY
3. AUTOMOBILE ACCIDENT DISABILITY AND DEATH BENEFITS

### PLENTY OF POWERFUL SALES AMMUNITION!

- QUARTERLY POLICY TERM
- AUTOMATIC RENEWAL
- CLAIM SERVICE EQUAL TO THE BEST
- MORE COMPETITIVE
- MORE INCLUSIVE
- MORE CONVENIENT

Helps to Reduce Office Detail—Yet Pays You

### LIBERAL COMMISSIONS

**OHIO AGENTS—WRITE, WIRE or PHONE**

Agency Superintendent

**REWARD FOR  
FAST ACTION!**

Agency Rights  
In Your Territory



Rated A by Best's

# PIONEER MUTUAL CASUALTY COMPANY

Anson B. Smith, President

HOME OFFICE: 74 North Third Street, Columbus 15, Ohio

Capital 1-5115

## SAC Establishes Award for State Which Best Aids Local Board in PR, Expresses Preference for Multiple Choice Package

NEW ORLEANS—Probably the most engaging characteristic of the annual meeting here of Southern Agents Conference—aside from the warm hospitality—was the brisk but unhurried manner in which the affair was carried out. Every session started

within a few minutes of the announced time and was brought to the finish line in the same way, including the annual banquet and the entertainment by a fine Dixieland band.

This unusual feat was accomplished by thorough planning by SAC officers

and committees but was brought off by the firmness and skill of Frank R. Bell of Charleston, W. Va., outgoing chairman, and James P. Walker of Augusta, the incoming chairman. Mr. Bell was presented a plaque at the banquet, in recognition of his services.

Among the developments at the meeting not reported in last week's issue are establishment of a public relations award, announced at the PR workshop (which is reported below); and the expression of a preference by agents for the multiple choice rather than the rigid, no choice package. A

Louisiana association resolution on deviations brought up at the closing session was not adopted but will be referred to NAIA for study and advice.

Sites have been selected for the next five annual meetings. They are, beginning with 1958, Miami Beach, Asheville, N. C., Atlanta, Little Rock and White Sulphur Springs, W. Va.

In his report, Bernard Olasov of Charleston, chairman of the property committee, said that unit decided that as local, independent agents they preferred the multi-choice policy which allows a selection of coverage by the agent to meet insured's needs, as against the true, inflexible package. The trend is toward packaging, he observed, and it is very important for agents to pull for one or the other type—and to be certain their companies know of the preference.

"The big advantage we have over the direct writers," he said, "is our ability to service all of insured's risk. His program should be tailor made. We are in a position to know the customer's requirements and to handle them on a multiple choice basis—rather than on a department store package basis. We believe this is the principal thing we can do for insured."

He cited the combination auto policy—BI, PDL, medical payments, uninsured motorist, and PHD—as a good example of a multi-choice contract. He compared the inflexible package to the blue plate special—no substitutions even if the customer rashes at the sight of spinach—at a reduced price; and the multi-choice package with the a la carte meal which offers choice and quality.

One goal of the committee, Mr. Olasov commented, is to war on unnecessary forms. The elimination or condensation of even one form would be a fine achievement, he declared, and he thinks the committee is going to have some success. In this effort, the committee has sought to have a hand in the development of forms.

J. O. Hatch of Savannah, chairman of the casualty committee, emphasized the need of prior notice to agents on rule and form changes by state bureaus.

Mr. Bell read an advertisement from Dade county, Fla., Insurance Advisory Board, which is looking for an insurance manager at \$10,000 a year. None of those agents present rushed for the telephone.

I. A. Rosenbaum of Meridian, Miss., pinch hitting for Joseph Trice of Richmond, who was attending Midwest Territorial Conference, reported on education activities.

With Mr. Walker as chairman and moderator, the public relations workshop was launched by W. W. Noblin of Durham, chairman of the conference's PR committee. James F. White, advertising director of Maryland Casualty, Miss Eileen Stulb, the Augusta advertising agent who handles the ad program of the board there, and Kenneth O. Force, executive editor of THE NATIONAL UNDERWRITER, discussed advertising and PR from their several viewpoints. Mr. Force's talk is appearing this week and next on the editorial page.

Mr. Noblin outlined the rules for the SAC award to the state with the best PR program. The PR committee will make the award. If it believes no state has done an outstanding PR job, it can postpone it. The state association will win it which has done the

(CONTINUED ON PAGE 30)

# NORTH AMERICAN REINSURANCE CORPORATION

## REINSURANCE

FIRE  
CASUALTY  
SURETY

161 EAST FORTY-SECOND STREET  
NEW YORK 17, N. Y.



## The Aetna Fieldman Is a Good Man to Know

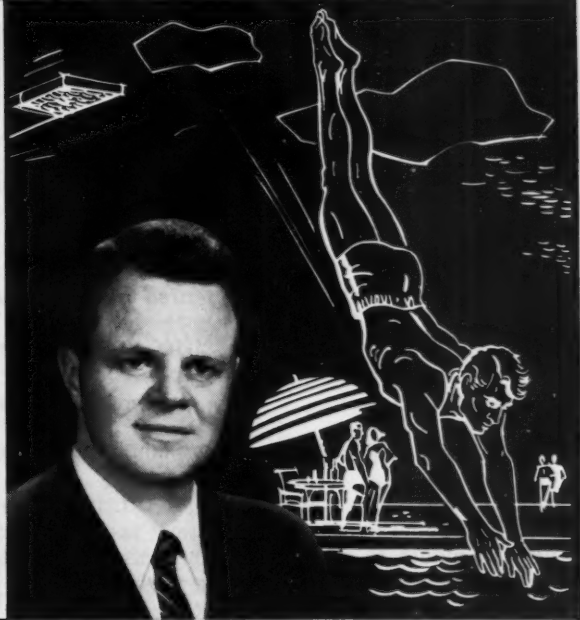
The Aetna was one of the first insurance companies to appoint agents outside its home state, and Aetna fieldmen always have worked in close cooperation with agents and brokers.

Today, a high proportion of Aetna fieldmen are graduates of the Multiple Line Training School for Fieldmen—which covers all phases of property and casualty insurance, with special emphasis on the problems and viewpoint of the agent.

The Aetna fieldman is especially qualified to help you with unusual problems—to give you practical suggestions on building a more profitable business. He is a good man to know.



**Meet Nelson C. Taintor, Jr., Special Agent, Buffalo.** Nelson was born an insurance man, the third generation in the business. While his career was delayed by World War II, in which he served as a sergeant of infantry in Europe, it has been marked by rapid progress. After graduating from Yale in 1949 and the Aetna Training School in 1950, he worked first in Rochester and for the past six years in Buffalo. He has been awarded the C.P.C.U., lectures on insurance at the University of Buffalo and, after hours, can frequently be seen in dramatic roles in local community theatres and television shows.



**Meet John A. Munro, Marine Superintendent, Portland, Oregon.** Jack has well earned the reputation of knowing all the answers on marine insurance—and perhaps it is more than coincidence that his hobbies are swimming and fishing—and that he spent four years in the Navy, including a year and a half on a carrier in the South Pacific. Jack was educated at Northwestern State College and the University of Georgia, and joined the Aetna in 1954. He is keenly interested in encouraging young men to enter the insurance field, and has lectured on inland marine insurance at Multnomah College.



### AETNA INSURANCE GROUP

AETNA INSURANCE COMPANY • THE WORLD FIRE AND MARINE INSURANCE CO.  
THE CENTURY INDEMNITY COMPANY • STANDARD INSURANCE CO. OF N. Y.  
HARTFORD, CONNECTICUT  
Clinton L. Allen, President

## Discuss U. S. and Private Atom Cover at Senate Hearing

WASHINGTON—The views of stock and mutual insurers on atomic power indemnity legislation introduced in Congress was offered last week when the joint congressional committee on atomic energy opened its hearing on the proposals.

Among those testifying at initial sessions were Charles J. Haugh, vice-

president of Travelers Indemnity, representing Nuclear Energy Liability Insurance Assn.; Ambrose Kelly, general counsel of Factory Mutuals, and Lewis L. Strauss, chairman of Atomic Energy Commission.

Reading from a prepared statement, Mr. Haugh told the committee that NELIA composed of 135 stock insurers, has promulgated an atomic reactor liability policy and formulated a procedure for determining the premiums for such risks. Before the committee for some two hours, he dis-

cussed premium charges under the policy and gave examples.

The premium on coverage of an individual reactor, he said, can be arrived at only after consideration of five major criteria of liability hazard. These are: Type of reactor, use of the reactor, reactor size in terms of megawatts of heat, location of the reactor, and the degree of containment.

He said that the rating procedure which has been developed contemplates that after determination of the annual premium for the first \$1 mil-

(CONTINUED ON PAGE 33)

## Competition, the Agent in Advertising Stressed at Buffalo

Edmund V. Schenke, advertising manager of Royal-Globe and president of Insurance Advertising Conference, was among the speakers featured on the annual I-day program conducted by the Insurance Club of Buffalo last Tuesday. Others on the program which drew an attendance of approximately 600, were John C. Weghorn, New York city agent and executive committee chairman of Insurance Federation of New York State; C. Fred Ritter of Middletown, president of New York State Assn. of Insurance Agents; Julius Wikler, first deputy superintendent of the New York department, and Joseph F. Murphy, multi-peril manager of America Fore group. Principal speaker at the dinner concluding the one-day program was Frank J. Meistrell, federal flood indemnity administrator.

Mr. Schenke discussed insurance advertising, Mr. Weghorn the research, educational and informational arm proposed for the insurance business and the insurance man in politics, and Mr. Ritter the economic worth of the independent local agent. Mr. Wikler discussed the dynamics of insurance supervision. Mr. Meistrell outlined the federal flood indemnity program, and explained the role to be played by the private insurance companies which will sell and service the government coverage, and adjust loss claims.

Springboarding his talk on increasing competition in selling insurance, Mr. Schenke told his audience that: "Advertising, as we like to think of it, is finally making the grade in the business of selling our brand of insurance."

"The eyes of both agents and companies are looking to advertising to fight an activity which is old hat in most businesses—but is a challenge which is somewhat new in ours," he said.

"Competition, in one way or another, must always be with us, simply because it is the only source of vitamins which will keep our business healthy. It is the only means by which a business can be kept vigorous and progressive."

Competition can only be harmful, he said, if you are afraid of it—and if you are afraid, then you are admitting that your competitor is perhaps better than you are—or that he may have something better than you have.


"For the first time in the history of our business," Mr. Schenke said, "we are seeing genuine and determined activity, collectively, in the area of telling and selling our brand of insurance—both nationally and locally."

This means one thing—we are recognizing the importance of people—because we are now telling people who we are—what we are, and what we can do for them, he said.

Mr. Schenke stressed the fact that knowing people is the art of advertising, and that only is why advertising is so helpful in the job of selling. But, he said, "unfortunately, we haven't tried very hard to understand people in relation to our product. How well have we informed people of the purposes of insurance—the need of protecting their accumulated values against loss—and the fact that the need to safeguard their financial security will always exist?"

He said that people don't think of

(CONTINUED ON PAGE 33)



**YOU'RE SURE TO ENJOY YOUR INCREASED NET INCOME FROM AUTO COVERAGE SALES\***

**20% saved by C PLAN!**

when you show your clients the

Your policyowners will be grateful, naturally, when you bring them the convenience and security and economy of the

## NEW C PLAN AUTOMOBILE INSURANCE

with all those features represented in one handy package:

local agency service and know-how;  
broad protection via the new  
Family Automobile policy;

fair, prompt claim service, countrywide; and  
sound backing by a Company of  
proven reputation —

— all at a truly competitive price — approximately 20% less than usual rates!

Complete customer satisfaction will be a major C.I. benefit to you, since each C.I. sale points the way to additional lines, and to the new accounts opened up by C.I. insureds' enthusiastic word-of-mouth to others. But you'll also appreciate the savings in time and money to yourself and to agency overhead in these

## UNIQUE AGENCY BENEFITS OF C PLAN AUTO INSURANCE:

a six-months policy, automatically renewable, with ownership of renewals guaranteed by agency contract;

billing through you or direct to your client, at your option;  
no "free" insurance, hence no wasted effort on your part —

— and liberal commissions, with a built-in bonus for profitable business!

\*The number of automobiles has doubled in the past ten years; so have the rates in most areas. Thus your share of the market has actually quadrupled. If you want to catch up with your proper share, or improve on it still further, use the coupon below to ask for details — now!

### THE CONNECTICUT INDEMNITY COMPANY



Home Offices:  
NEW HAVEN, CONN.  
Pacific Depts:  
248 Battery St.,  
SAN FRANCISCO, CAL.

—writing Multiple Lines (including Security-Connecticut LIFE Insurance Company, Incorporated 1955)

### SECURITY-CONNECTICUT INSURANCE COMPANIES

Research & Development Division, NEW HAVEN 5, CONN., DEPT. 15H

Please send me your Agency Sales Bulletin on C.I. PLAN AUTO INSURANCE

Name

Agency

Street or Bldg.

City or Town

Years in business  Estimated Number of Private Passenger Clients



## Appoint Zalinski Exec. V-P of Life of North America

Edmund L. Zalinski has been elected executive vice-president and a director of Life Insurance Co. of North America and will assume his new post April 22. He has been vice-president in charge of sales administration of John Hancock since 1955.

Mr. Zalinski will be chief executive officer and a member of the executive committee of Life of North America, which was incorporated last September and is a wholly owned affiliate of Insurance Co. of North America. John A. Diemand, president of North America companies, also serves as president of Life of North America.

Mr. Zalinski entered the business with New York Life in 1938 and later served as manager at New York and New Haven. He resigned in 1947 to become the first managing director of Life Underwriters Training Council. In this position he organized a sales training program for life agents and, in 1949, was chosen executive vice-president of National Assn. of Life Underwriters. He held both posts until 1951 when he returned to New York Life as assistant vice-president. He was named 2nd vice-president in 1953 and vice-president in charge of sales development in 1954. He has been vice-president and chairman of the agency committee of John Hancock for two years.

Mr. Zalinski is a trustee of American college and chairman of its management education organization committee. He is a trustee and past president of LUTC and chairman of LIAMA's training research committee. He holds a B. A. degree from Cornell university, a M. B. A. from Harvard school of business administration and a Ph. D. in industrial management from New York university. He also is a CLU.

### South Bend, Ind., Area

#### Agents Hear Albert Peters

South Bend-Mishawaka (Ind.) Assn. of Insurance Agents heard Albert Peters, Royal-Globe group, discuss "Sound and Profitable Insurance Agency Management" at the March meeting. H. Ray Walker, association president, presided.

### Union Makes Pass at State Farm

MARSHALL, MICH.—A union organization effort has been launched at the Michigan-Ohio branch of State Farm Mutual Auto here by organizers for Insurance Workers of America AFL-CIO. Literature was distributed

among employees asking that they express an opinion relative to unionization. Joseph R. Lane, Detroit, international representative of the union, headed the organizational group which passed out letters to workers as they left the building. Lane said an employee of State Farm had written to Walter Reuther, AFL-CIO vice-president, calling the Marshall office "ripe for a labor union" and complaining of low wage scales. Copies of the letter were circulated along with other literature to the 350 employees.




## Taylor to Have Office of American

Ashby C. Taylor, since 1953 vice-president in charge of the Pacific coast bond department of American group, has been transferred to the production division of the operations department at the home office to direct countrywide bond production. He started in insurance with Fidelity & Deposit in 1928.

## Appoints Assistant Manager for Canada

North America group has appointed Irvin B. Hurst assistant manager for Canada. He has been with the group since 1939, when he started at Toronto as a clerk in the marine department. Named chief inland marine underwriter there in 1947, he was advanced to agency superintendent for Canada in 1952.

**U.S.F. & G. AGENTS**  
This is one of a series of advertisements appearing in THE SATURDAY EVENING POST, TIME and NEWSWEEK . . . designed to increase your prestige with the insuring public.

SELECT AND  
CONSULT AN  
INDEPENDENT  
INSURANCE  
AGENT  OR  
BROKER AS  
YOU WOULD  
YOUR DOCTOR  OR  
LAWYER 

## FIRE & CASUALTY REGIONAL MANAGER

In their decentralizing program a well established multiple line company is starting their southeastern unit as a pilot operation. The manager must have a successful record in the southeast and be able to supervise an 8 state area. If you are \$15,000. material with executive ability this is an excellent opportunity to get on management's team.

Of course, your inquiry will be confidential.

## FERGASON PERSONNEL

330 S. Wells Street Chicago 6, Ill.  
HARRISON 7-9040  
We Broker Insurance Agencies.



**U.S.F. & G.**

Casualty-Fire-Marine  
Insurance • Fidelity-  
Surety Bonds

United States Fidelity & Guaranty Co., Baltimore 3, Md. • Fidelity Insurance Co. of Canada, Toronto • Fidelity & Guaranty Insurance Underwriters, Inc., Baltimore 3, Md.

*the difference in Property Insurance is People!*



## The Service Man— how fieldmen spark HOME service

Your agent or broker of The Home Insurance Company has at his command an army of assistants—thousands of skilled insurance people using the most modern methods to serve you, the policyholder.

The Home fieldman is the link between your agent and every resource of the Company. He is a man of many talents. By his safety recommendations, countless lives and millions of dollars of damage have been saved. He helps your agent help you in many ways.

It pays to buy the best—Home Insurance—from the man best qualified to serve you—your agent or broker of The Home Insurance Company.

See your HOMEtown agent now.

# THE HOME

ORGANIZED 1853



*Insurance Company*

Home Office: 59 Maiden Lane, New York 8, N. Y.  
FIRE • AUTOMOBILE • MARINE  
The Home Indemnity Company, an affiliate, writes  
Casualty Insurance, Fidelity and Surety Bonds

A stock company represented by over 40,000 independent local agents and brokers

this advertisement appears in:

TIME—May 13

NEWSWEEK—May 13

BUSINESS WEEK—May 25

U.S. NEWS & WORLD REPORT—May 24

AMERICAN HOME—June

BETTER HOMES & GARDENS—June

NATION'S BUSINESS—June

## Elements in the Art of Underwriting and How It Must Be Practiced Are Set Out for Southern Agents by Stellwagen

"The Confessions of an Underwriter," the address of Herbert P. Stellwagen, executive vice-president of Indemnity of North America, before the annual meeting of Southern Agents Conference in New Orleans, is a thoughtful and provocative assessment of some of the current and permanent problems and fundamentals of the business. It is presented herewith practically in its entirety.

It is not my intent to catalogue the underwriter's sins of omission and commission—you know most of them already. Rather I should like to attempt to make acknowledgment of certain underwriting principles and to make avowal of the basic truth by which our business lives and flourishes. To put the matter another way, I would make a confession of faith.

Having defined the intent of my remarks, I would also circumscribe their limit. In these days of multiple underwriting and multiple peril policies, a home office underwriter ought to be familiar with the entire gamut of liability and property insurance including fire, marine, casualty, and bonding. In other words, he should know as much about multiple line insurance as the average local agent, but I think that is to expect too much. Accordingly, I shall confine myself very largely to the business of casualty insurance.

Insurance underwriting is based upon information and the underwriter depends upon the producer to furnish him with a complete description of the risk to be covered and with every known fact that bears on its nature and character. So, I would begin my confessions by acknowledging the important role that the insurance agent and the insurance broker play in the underwriting of the business.

Today the relationship between producer and underwriter is excellent and cases where less than a full description of the risk is given are relatively rare. Indeed, we have come a long way from the situation described in 1781 by John Weskett, an English merchant and writer on the law and the practices of insurance, when he railed against the attitude of underwriters and brokers in language such as this: "... the frequent want of penetration, judgment, or attention, on the part of insurers; and of explicitness or right information, on the part of as-

sureds and brokers; and especially the affected ignorance, silence, and indifference, or apparent confidence of the latter, as to material facts and circumstances."

Today companies have reposed confidence in their agents to the extent that they permit them by contract to bind the company for as much as \$1 million on certain kinds of risks. Surely this is striking evidence of the extent of the responsibility which underwriters have placed upon their agents. At the same time, such extension of authority conferred upon its agents is a tribute to the reliability of the information which agents have submitted to their underwriters in order to enable them to make heavy commitments on risks scattered far and wide throughout the country.

The value of an agent as a partner in underwriting is especially marked in the case of individual private passenger automobiles. I confess that I have not been able to determine in advance which risks will have accidents and which will not. To be sure, we draw some general conclusions with respect to very young and very old operators and have our opinions of ancient jalopies. Past experience is also helpful. The fact remains, however, that the source of the business generally determines the record on that business. The careful and conscientious agent, conscious of his moral and religious responsibilities and active in the civic life of his community, will produce good automobile business. The agent lacking in those qualities will not.

Underwriting is an art. Art is concerned with methods for effecting certain results in contradistinction with science, which is concerned with theoretic truth. Science knows but art does. The underwriter must be a doer and not a theorist. Because art is based on science, the underwriter must know many things ranging from mathematics to medicine, but his job is to translate knowledge into action. What result does the underwriter seek to accomplish? He seeks to provide the protection that will preserve those values against their physical destruction from any cause and against their loss or impairment by theft, claims for damages or personal accident.

Let us consider the position the underwriter must take if he is faithfully and effectively to accomplish the result expected of him. What are his duties and what his responsibilities? If we set down what we conceive to be the ideal performance of an underwriter and if we consider the under-

(CONTINUED ON PAGE 26)

Profit with our attractive



# YACHT & OCEAN MARINE program

Write Dept. K-3, Reading, Pa.

## AMERICAN CASUALTY

COAST-TO-COAST BRANCH OFFICE SERVICE



*Your clients like  
extra convenience?...*



*Tell them about New York Life's wonderful*  
**CHECK-O-MATIC<sup>®</sup>**  
*premium payment plan!*

Today, most of your clients budget everything by the month and usually make payments by check. And now, by introducing Check-O-Matic, New York Life has made it possible for them to apply the same practice to their life insurance—through cooperation of their local banks.

Your client simply authorizes New York Life to draw checks on his regular checking account for each monthly premium . . . then authorizes the bank to honor these checks. And except for seeing that the proper balance is maintained in his account, that's all he has to do from then on. Payment of premiums is *completely automatic*—your client never has to lift a pen or lick a stamp.

The new Check-O-Matic plan is available with any New York Life individual Life Insurance policy or Accident and Sickness policy which has a monthly premium of \$10 or more. Think how much extra influence this outstanding convenience can have in pleasing your clients and in opening up new business for you!



#### CHECK-O-MATIC

##### SAVES THEM MONEY . . .

Premium is less than if they pay monthly the usual way!



##### SAVES THEM TROUBLE . . .

No inconvenience every month writing checks or mailing them!



##### SAVES THEIR POLICIES . . .

Prevents possible lapse due to forgetfulness!



*Brokerage Division*  
**New York Life**  
**Insurance Company**

Life Insurance • Group Insurance • Accident & Sickness Insurance • Employee Pension Plans

## Brownlee Resigns as Texas Commissioner

AUSTIN—Morris Brownlee, a member of the Texas board of insurance commissioners for nearly 14 busy months, resigned late last week as of April 1 but did not announce his future plans except to indicate that he may enter the agency business alone or buy into one in Houston. He has been in the insurance business for 30 years in both production and management posts, including service as executive vice-president of Continental American Life.

Mr. Brownlee, whose interim term as commissioner expired last Feb. 10, was holding over at the request of Gov. Daniel, who has urged reorganization of the board. Mr. Brownlee had been named on the commission by former Gov. Shivers, who also had appointed the other two commissioners—Chairman John Osorio and Mark Wentz.

In his statement about his resignation Mr. Brownlee said: "I do not desire to comment, other than that my

time has run out. There is a lot to be done but it should be done by people who are going to run it."

## Develop Cover to Pay Cost of Winning Discrimination Suit

A new indemnification coverage designed principally for proprietors and employees of hotels, taverns, restaurants, motels and tourist homes has been developed by H. W. Sadler and E. J. Cuff of the H. William Sadler agency of Chicago. Available on a surplus line basis, the policy will pay all costs and expenses incurred and paid in the successful defense of suits alleging the discriminatory acts of wrongful eviction, defamation of character, invasion of privacy, false arrest, libel, slander, malicious prosecution, or willful detention or imprisonment.

Coverage is written on a three-year basis only, with a graduated receipts rate subject to a three-year minimum premium. It is offered to meet the increasingly frequent claims against such hotels and such establishments alleging discriminatory acts. The small business men, even though proven innocent of charges, often have a real hardship in meeting defense costs.

The minimum premium for three years is \$125 and for limits of 1,000/2,000 the rating guide indicates 50 cents per \$1,000 gross receipts on the first \$100,000, 30 cents per \$1,000 on the next \$400,000 and 15 cents over \$500,000.

## Hynes, Gunn Exchange Top Employers Mutual Posts

John F. Hynes has been elected chairman of Employers Mutual Casualty of Des Moines, and John W. Gunn has been named president and treasurer. Mr. Hynes has been president and Mr. Gunn has been chairman.

M. J. Wilkinson, vice-president and superintendent of agencies, was elected executive vice-president, and W. J. Hynes, secretary, was named vice-president and secretary. Other new officers are: F. M. Du Bois, head of the fire department, elected assistant vice-president, along with R. E. Kelley, assistant superintendent of agencies, Ray Sanders of the accident and prevention department, and D. B. Southern, personnel and planning. L. E. Bruce, manager of underwriting in Polk county, and C. L. Williams, head of the bond and burglary department, were named assistant secretaries.

Employers Mutual had \$27½ million in written premiums last year, a gain of \$2 million, and assets went up \$2 million to \$41,908,448. Surplus December 31 was \$12,642,214, a gain of nearly \$1 million.

## Traffic Deaths Down 7% in Feb.

February traffic deaths were 7% fewer than February, 1956—2,540 as compared with 2,730, according to National Safety Council estimates.

This was only the third time in the last two years that traffic deaths have decreased. The traffic death toll for the first two months this year was 5,400—down 5%.

## Charles M. Pond Is Elected Secretary of Munro Group



C. M. Pond

Charles M. Pond has been elected secretary of the Prudential Skandia-Hudson reinsurance group. In charge of casualty underwriting since he joined the companies in 1955, he entered insurance with Travelers. He subsequently became underwriting manager of Maryland Casualty at Newark and special risks underwriting supervisor of Royal-Globe group in New York.

## Block Heads Nominees of D. C. Agents' Assn.

District of Columbia Assn. of Insurance Agents has nominated Huntington T. Block Jr. as president, Charles R. Barker Jr. and Carl A. Anderson as vice-presidents, H. Ted Beuermann as secretary, J. Hamilton Bruce as treasurer, and Joseph L. B. Murray Jr. as state national director. The election will be held April 12.

## Crown Ins. Co. Expands

Crown Ins. Co. of Huntington, W. Va., a stock company organized last year to specialize in standard and substandard automobile, taxicab and truck risks, has moved to larger quarters at 213 Ninth street. The company began writing business Jan. 1 and outgrew its space in two months. L. A. Polk is president and organizer of Crown. He was for many years secretary and general manager of Inland Mutual.

James I. Wickens has been promoted from sales manager to resident manager of the national accounts branch of Allstate. He joined Allstate in 1955 after having been for 20 years with a leading Chicago agency.

As advertised  
in NEWSWEEK

After an accident  
(if one should occur)

you can count

upon receiving

the prompt

services of our

specialists,

familiar with

your clients'

equipment—

able and ready

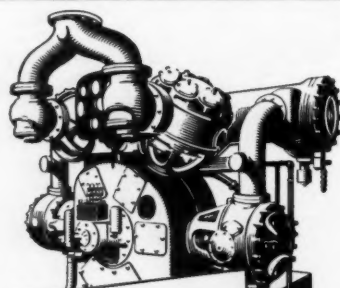
to speed

equitable

settlement

and to assist in

rehabilitation.



Insured to  
**KEEP POWER  
ALIVE**

Heavy losses in property and earning capacity may result when accidents "kill" power. These loss exposures can be minimized by boiler and machinery insurance, with thoughtful selection of coverage *Before* the policy is issued, with competent inspections *During* the policy term, and with prompt, expert assistance *After* an accident, should one occur. Through its specialized facilities, Hartford Steam Boiler offers policyholders these *extra values* BDA:

**BEFORE** *Extra Value* through specialized underwriting advice by the HSB Special Agent, who works with you and your agent to develop insurance tailored to your requirements.

**DURING** *Extra Value* through inspection to prevent accidents. More than 600 HSB Field Inspectors are constantly seeking to detect signs of faulty conditions in power equipment insured by this Company.

**AFTER** *Extra Value*, should an accident occur, through quick action by HSB specialists, to help you get back into production—to arrange prompt settlement.

Yes—your own Agent or Broker can help you obtain these *Extra Values*.



Inspection  
is our  
middle  
name

The  
**HARTFORD STEAM BOILER  
INSPECTION  
and INSURANCE COMPANY**

Hartford 2, Connecticut

## The Successful Agent is a GOOD STUDENT

There's so very much to know these days about insurance as a whole and each client's needs in particular that the successful agent is seriously studious about his profession. He believes in rendering better service through greater knowledge. And he quite naturally prefers to associate himself with companies which are geared to give him practical, helpful aids to his career.

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**Fire & Casualty  
Company**



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Company**

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HOUSTON 1, TEXAS



## *"The Dwelling Package Policies Protect Business Already on the Books"*

*says the MACINTYRE, FAY & THAYER AGENCY of Needham, Massachusetts.*



"This agency recognized early the distinct advantages of writing Dwelling Package policies. The new Package plans give much broader coverage to our clients—we can offer one policy instead of many—all of a person's insurance is consolidated in one agency—the cost of office handling is decreased immeasurably—and business already on the books is protected.

"The majority of the 600 or more Package policies we've sold were placed with The Travelers. Why? Because The Travelers has been one of the largest multiple-line companies for years and has gained invaluable experience. Through its network of offices throughout the United States and Canada we feel they are well-equipped to give well rounded service both to agents and clients."

\*

Findley MacIntyre, Joe Fay and Gordon Thayer were successful Travelers agents when they decided to form an agency in 1946. Since then they have achieved even greater success.

It will pay you to find out about Travelers Dwelling Package policies. Why not call your Travelers Fire or Casualty Manager today for full details. He'll be happy to help you get a sales-producing program under way.

YOU WILL BE WELL SERVED BY

# THE TRAVELERS

INSURANCE COMPANIES, HARTFORD 15, CONNECTICUT

*All forms of personal and business insurance including  
Life • Accident • Group • Fire • Automobile • Casualty • Bonds*



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## SALES STRENGTH

Wabash is growing fast and it's growing strong because it's founded on sound, forward-looking policies. You can go places with Wabash—the company that is going places!

## PREMIUM GROWTH

165%

1955 .... \$ 604,014.27

1956 .... 1,602,790.85

## CONDENSED FINANCIAL STATEMENT DECEMBER 31, 1956

### Assets

|   |                       |
|---|-----------------------|
| U.S. Government Bonds.....                    | \$1,104,005.18        |
| Municipal Bonds.....                          | 1,270,792.61          |
| Industrial, Utility and Other Bonds .....     | 765,053.40            |
| Stocks Preferred and Common                   | 613,390.25            |
| Real Estate (Home Office Property) .....      | 246,926.66            |
| Cash and Bank Deposits.....                   | 335,623.01            |
| Premiums Receivable.....                      | 277,041.38            |
| Reinsurance Recoverable on Loss Payments..... | 22,907.81             |
| Interest Due and Accrued on Bonds .....       | 27,645.45             |
| <b>TOTAL ASSETS.....</b>                      | <b>\$4,663,385.75</b> |

### Liabilities, Surplus and Other Funds

|   |                       |
|---|-----------------------|
| Reserve for Losses and Adjustment Expenses..... | \$ 170,498.52         |
| Reserve for Expenses Due and Accrued .....      | 2,178.25              |
| Reserve for Taxes Due and Accrued .....         | 25,049.03             |
| Unearned Premium Reserve..                      | 700,782.78            |
| All Other Liabilities.....                      | 5,620.90              |
| <b>TOTAL LIABILITIES.....</b>                   | <b>\$ 904,129.48</b>  |
| Capital Paid Up..\$1,320,960.00                 |                       |
| Surplus .....                                   | 2,438,296.27          |
| Surplus as Regards Policyholders .....          | 3,759,256.27          |
| <b>TOTAL .....</b>                              | <b>\$4,663,385.75</b> |



HENRY F. SCHRICKER

## OUR PRESIDENT REPORTS . . .

Mr. Henry F. Schricker, nationally prominent ex-governor of Indiana and president of Wabash, reports that 1956 surpassed all goals set for the year. Over 1½ million dollars in premiums was written—all by individual agents. Over 50% of this business was produced by Indiana agents. Wabash is licensed to operate in 20 states and, at present, is writing policies in 11 states with a total of 672 agents.

Mr. Schricker says: "Sound financial

strength is very important to any insurance company and careful administration and management is always necessary, but efficient service and integrity in its dealings with the policyholders, agents, stockholders and the public in general, are also essential to real growth. Wabash continues to place great emphasis on the quality and promptness of its service and strives always to keep abreast of the current needs and modern trends in the industry."



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## GET THE WABASH STORY

See how you can give your clients more with Wabash.



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brochure outlining complete, nationwide Personal and Business ACCIDENT AND HEALTH facilities. Agents call it "best in the business".

Write Dept. K-1, Reading, Pa.

# AMERICAN CASUALTY

COAST-TO-COAST BRANCH OFFICE SERVICE

## Convention Dates

- April 7-9, Mutual Agents Assn. of New York, annual, Syracuse hotel, Syracuse.
- April 11-12, Ohio Assn. of Mutual Insurance Agents, annual, Neil House hotel, Columbus.
- April 15-17, Iowa Assn. of Insurance Agents, annual, Savary hotel, Des Moines.
- April 18-19, Zone 5 of NAIC, annual, Plains hotel, Cheyenne, Wyoming.
- April 23-24, Zone II of National Assn. of Insurance Commissioners, annual, Sedgefield Inn, Greensboro, N. C.
- April 25, Insurance Rating Bureau of DC, annual, Mayflower hotel, Washington.
- April 25-26, Minnesota Assn. of Insurance Agents, midyear, Leamington hotel, Minneapolis.
- April 28-May 1, Chamber of Commerce, insurance department, annual, Washington, D. C.
- April 28-May 1, Colorado Insurers Assn., annual, Cosmopolitan hotel, Denver.
- April 28-May 1, Rocky Mountain Territorial Conference of NAIA, annual, Cosmopolitan hotel, Denver.
- April 28-May 1, National Board of State Directors of NAIA, midyear, Cosmopolitan hotel, Denver.
- May 1-3, Assn. of Casualty Accountants & Statisticians, spring, Pocono Manor inn, Pocono Manor, Pa.
- May 1-5, National Assn. of Public Insurance Adjusters, annual, Saxony hotel, Miami Beach.
- May 2, Midwestern Independent Statistical Service, annual, La Salle hotel, Chicago.
- May 2-4, Louisiana Assn. of Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park, Miss.
- May 2-4, North Carolina Assn. of Insurance Agents, annual, Carolina hotel, Pinehurst.
- May 5-7, Alabama Assn. of Insurance Agents, annual, Battlehouse, Mobile.
- May 5-7, New York State Assn. of Insurance Agents, annual, Syracuse hotel, Syracuse.
- May 6-8, National Assn. of Independent Insurance Adjusters, annual, El Mirador hotel, Palm Springs, Cal.
- May 6-8, Health Insurance Assn. of America, annual, Sheraton-Park hotel, Washington, D. C.
- May 7, Assn. of Casualty & Surety Companies, annual, Waldorf-Astoria Hotel, New York City.
- May 9, Surety Assn. of America, annual, Sheraton-Astor hotel, New York City.
- May 9-10, Missouri Assn. of Mutual Insurance Agents, annual, President hotel, Kansas City, Mo.
- May 10-11, Oklahoma Assn. of Insurance Agents, annual, Biltmore hotel, Oklahoma City.
- May 12-13, New Jersey Assn. of Mutual Insurance Agents, annual, Berkeley Carteret hotel, Asbury Park.
- May 12-14, Florida Assn. of Mutual Insurance Agents, annual, Tides hotel, Redington Beach, St. Petersburg.
- May 12-14, Virginia—D. C. Assn. of Mutual Insurance Agents, annual, Cavalier hotel, Virginia Beach.
- May 13-15, National Assn. of Insurance Brokers, annual, St. Louis.
- May 15, Chicago I-Day, Sherman hotel.
- May 16-17, Arkansas Assn. of Insurance Agents, annual, Arlington hotel, Hot Springs.
- May 17-18, Texas Assn. of Insurance Agents, annual, Statler-Hilton hotel, Dallas.
- May 19-21, Tennessee Assn. of Mutual Insurance Agents, annual, Gatlinburg.
- May 20, Vermont Assn. of Insurance Agents, midyear, Woodstock Inn, Woodstock.
- May 20-22, Georgia Assn. of Insurance Agents, annual, Bon Air hotel, Augusta.
- May 20-22, Insurance Accounting & Statistical Assn., annual, Palmer House, Chicago.
- May 20-24, National Fire Protection Assn., annual, Statler hotel, Los Angeles.
- May 21, Society of Fire Protection Engineers, annual, Statler hotel, Los Angeles.
- May 21-22, Illinois Bureau of Casualty Insurers, annual, St. Nicholas hotel, Springfield, Ill.
- May 22, National Automobile Underwriters Assn., annual, Roosevelt hotel, New York City.
- May 23, National Board of Fire Underwriters, annual, Commodore hotel, New York City.
- May 23-24, Casualty Actuarial Society, spring meeting, French Lick-Sheraton hotel, French Lick, Ind.
- May 23-25, Florida Assn. of Insurance Agents, annual, Fontainebleau hotel, Miami Beach.
- May 26-29, American Assn. of Managing General Agents, annual, Fontainebleau hotel, Miami Beach.
- May 26-30, Insurance Division of Special Libraries Assn., Statler hotel, Boston.
- May 27-29, American Mutual Insurance Alliance, annual, Edgewater Beach hotel, Chicago.
- May 27-29, Federation of Mutual Fire Insurance Companies, annual, Edgewater Beach hotel, Chicago.
- May 27-29, National Assn. of Automotive Mutual Insurance Companies, annual, Edgewater Beach hotel, Chicago.
- May 27-29, National Assn. of Mutual Casualty Companies, annual, Edgewater Beach hotel, Chicago.
- June 3-4, Georgia Assn. of Mutual Insurance Agents, annual, King and Prince hotel, St. Simons Island.

Did you say 10?

YES, I said 10—  
lives or more!\*



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LIFE PLAN OFFERS UP  
TO \$20,000 or \$40,000

of group life insurance

YES—now you can offer small and medium size firms group life maximums that are "realistic" . . . maximums that make it possible for you to pose the question "Are you getting maximum employee incentive out of your group program?" Let MODEL GROUP with modernized maximums help you to new sales volume in the group life field.

- Standard Group Rates
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## COMMENTS

## TRENDS

## OBSERVATIONS

## Midwest Conference Told: Safety Program Can Spotlight Agents and Bring in Business

The services rendered by the independent local agent can be spotlighted "dramatically and rewardingly" through an aggressive traffic safety program, members of a panel on accident prevention agreed at the Midwest Territorial Conference of NAIA last week at French Lick, Ind.

Improved safety records, community recognition and increased business are among the many rewards of accident prevention, "the agent's best public relations tool," representatives of city and state agents' associations told a workshop session here. Pointing to their experience as evidence of the value of strong and continuing safety programs, they explained how they coordinated activity with national programs and developed others to fit their own communities.

Several local safety projects were suggested during the session, moderated by Paul H. Blaisdell, director of the traffic safety division in the accident prevention department of Assn. of Casualty & Surety Companies. He set the stage by outlining where the nation stands in highway safety, and assessing the future.

Panelists representing city and state agents' associations were Paul Mast, executive secretary Wisconsin association, and the following local agents: Steven Jacobs of Kenosha, Robert B. Estlick of Columbia City, Ind., and Stuart W. Doty of Grand Ledge, Mich. Also appearing for Assn. of Casualty & Surety Companies were Emerson H. Westwick, midwest representative of the accident prevention department, and Charles C. Clarke, midwest public relations director.

Mr. Westwick said the success of any national program depends on "grass roots" support. Because agents operate in every area of the country, insurance can conduct national programs effectively, the speaker said, but only if there is organized participation at the local level.

It was Mr. Mast's view that the agent "has an obligation to participate in national safety programs," and he urged more groups to take advantage of the material available to them. "Traffic safety," he said, "is an economic necessity. If the steady rise in the cost of accidents continues, auto insurance rates may increase to the point where the state will step in."

Mr. Jacobs described how the Kenosha association successfully adopted the "Slow Down and Live" campaign for its big 1956 traffic safety effort. Stickers with safety messages were attached to bumpers of some 10,000 cars, and in a way that effectively identified the agents with traffic safety. The stickers were applied by children who obtained them from the agents' offices. Children who applied at least 10 stickers, obtaining the signatures of the car owners, received a novelty prize and qualified for a grand prize. Newspapers promoted the project widely, resulting in a large amount of publicity for the agents, and, more

importantly, Mr. Jacobs pointed out, there was a 40% reduction in the accident rate.

Mr. Estlick told how the Whitley county association organized a safety council to get broader community support for safety programs. He described several projects, among them a "Junior-Senior All-Nite" program. This was a series of activities that occupied the high school students on prom night until breakfast the next morning.

Mr. Doty advised that a community's safety needs must be surveyed to start a program. He suggested agents conduct a safety survey in the same way they survey insurance needs for clients. Besides preventing duplication, this will serve to concentrate efforts where they are needed. He recommended that only a few projects be started, but that these be pursued vigorously and given continuity. This, he said, serves to identify the agents with safety in definite areas.

Mr. Clarke discussed methods for obtaining favorable publicity, particularly in connection with safety projects. He said safety work is a natural lead to good publicity for the agent and the insurance business, with consequent rewards in the form of better public recognition and increased sales.

## Standard Accident Gives Stockholders First Hand Report

About 25 representatives of the large institutional stockholders of Standard Accident were given a review of the company's results for 1956 and a prognosis for the next few years by the officers at a luncheon last week at the Union League Club, Chicago. The home office contingent was led by President L. K. Kirk, accompanied by Paul Wilson, senior vice-president, and L. M. Goodspeed, vice-president and treasurer.

This was the fourth such meeting in Chicago, although Standard has been conducting stockholders' meeting of this variety for about 10 years. The other cities to receive such treatment are New York, Detroit, Boston, San Francisco, and Los Angeles.

Mr. Kirk, who presided and spoke informally, said these meetings reach more than 50% of the stockholders.

Last year, Mr. Kirk observed, the situation in California was still somewhat unresolved. The agreement between Standard and Automobile Club of Southern California was to be terminated, and the Auto Club's contribution of automobile BI and PDL amounted to about 25% of Standard Accident's business. It has now been agreed that Standard will reinsure \$30 million of Auto Club business over the next five years, and Mr. Kirk described this in reality as a surplus financing arrangement for both organizations.

Last year, Standard Accident "really



At Southern Agents Conference in New Orleans are its officers and the presidents (or vice-presidents) of most of the state associations which comprise it. State presidents are members of SAC's central, or governing, committee.

Seated, from the left, are Finley Cannon of Gainesville, Fla.; Wendell C. Dykes of Cochran, Ga.; Frank R. Bell Jr. of Charleston, W. Va., SAC chairman; James P. Walker of Augusta, SAC vice-chairman; Rosser Long Jr. of Fayetteville, W. Va., and James Anderson of North Wilkesboro, N. C.

Standing are J. Edwin Schachte of Charleston, S. C.; Wilbur K. Allen of Birmingham, Ala.; A. J. Johnson of El Dorado, Ark.; Giles Robinson of Richmond; Robert Brannin of Starkville, Miss., and Harold Mouk of Houma, La.

Maurice J. Hartson of New Orleans, NAIA executive committeeman, James C. Kraus, president of Insurance Club of New Orleans, President Robert E. Battles of NAIA, and John A. Barry, president of New Orleans Insurance Exchange, are shown at Southern Agents Conference in New Orleans where the Walter H. Bennett memorial award was presented to Mr. Battles for NAIA use from New Orleans Insurance Exchange.



At an informal gathering at Southern Agents Conference in New Orleans are: (standing) Frank R. Bell Jr. of Charleston, W. Va., SAC chairman; James P. Walker of Augusta, SAC vice-chairman; Mrs. Woodbury; Mrs. Bell; Louie E. Woodbury of Wilmington, N. C., vice-president of NAIA; Mrs. Walker; Robert E. Battles, president of NAIA, and Porter Ellis of Dallas, member of NAIA executive committee.

opened up in terms of developing new business," Mr. Kirk said, producing a gain of about \$6 million or better than 33% of the total expected loss from Auto Club sources. The company wound up 1956 with a 2.1% underwriting loss as compared with an average gain over the last 10 years of 4.5, but the dividend nevertheless was increased to \$2.

Mr. Goodspeed explained through a

series of charts the financial progress of the company, and Mr. Wilson described the efforts being made in the field to add premium volume.

The Chicago branch of Standard was represented by J. S. Richardson, resident vice-president; P. J. Lynch, manager; E. F. Gallagher, manager of Planet; F. A. Hackett, casualty department manager; and G. E. McAllister, production manager.

## Freilich Elected by Illinois Federation at Annual Meeting

Peter W. Freilich, vice-president of Corroon & Reynolds, was elected president of Insurance Federation of Illinois at that organization's annual meeting attended by approximately 500 members of the insurance industry at the Palmer House in Chicago. He succeeds E. H. Henning, Central Standard Life, who was named chairman.

John A. Diemand, president of North America, was guest speaker. His speech, "A Growth Industry?" is reported elsewhere in this issue. Mr. Diemand was introduced by Harry H. Fuller, midwest manager of National Bureau of Casualty Underwriters and outgoing federation chairman.

Henry S. Moser, vice-president and counsel of Allstate, chairman of the arrangements committee, greeted the members and introduced guests at the speakers table. Among the guests were Director Gerber of Illinois, and State Senators Arthur Bidwell, president pro-tem of the senate; W. Russell Arrington, and William J. Lynch.

The entire slate presented by J. S. Richardson, Standard Accident, chairman of the nominating committee, was elected. Other officers elected were: Ralph D. Jones, Continental companies, 1st vice-president and Miss Florence M. Manson, executive secretary and treasurer (reelected).

Vice-presidents are: Charles E. Becker, Franklin Life; William A. Bowersox, Fidelity & Deposit; Mr. Fuller; John A. Henry, Continental Casualty;

Spencer R. Keare, Federal Life; Mr. Moser; Mr. Richardson; B. W. Rouse, Travelers; Neil C. Russell, Chicago Motor Club; W. A. Seely, Crum & Forster; Hermon D. Smith, Marsh & McLennan; Rogers W. Troxell, R. W. Troxell & Co.; Ray L. Walker, U.S.F.&G.; and Donald K. Weiser, Aetna Casualty.

Elected to the executive committee were: Lendon A. Knight, Royal Neighbors; Neville Pilling, Zurich; Kyle E. Simpson, Home Indemnity; Chase M. Smith, Lumbermens Mutual Casualty; and L. W. Zonsius Sr., Conkling, Price & Webb.

## Bill Asks Agent Board for State Cover in Vt.

A measure which would create a council of five insurance agents to advise the governor on placing state coverage has been approved by the Vermont senate banking and corporations committee. This would provide for a fairer distribution of the state's insurance business, according to proponents.

First consideration for writing coverage would be given insurers writing business in Vermont at least five years. Members of the council would be appointed for two year terms.

## McQuire Bredberg V-P

Frank J. McQuire has been elected vice-president of Bredberg Reports to succeed Carl Ziler who has retired because of his wife's illness.

Mr. McQuire has been in insurance inspection for eight years, for the last two as assistant to Mr. Ziler.

Adjusting Service Co., a new organization in the independent adjusting field, has opened an office at Brainerd, Minn., with C. E. Almen as manager.

## Elkins Succeeds Welch as Cincinnati Manager for Standard Accident

Standard Accident and Planet have named Cecil H. Elkins manager of the Cincinnati branch office to succeed E. K. Welch, manager since 1937, who has been granted leave of absence due to ill health. Robert J. Holtmann has been appointed manager of casualty and property underwriting at Cincinnati.

Mr. Elkins joined Standard Accident in Dallas in 1927, became a special agent there in 1929, and was transferred to Cleveland in 1931. He became assistant manager at Cincinnati in 1937.

Mr. Holtmann joined Standard Accident in 1946 as office manager and casualty underwriter at Cincinnati. He became manager of casualty underwriting there in 1951.

## Kemper Group Adopts Booklet Aircraft Policy

Kemper group has adopted a booklet type aircraft liability policy.

Similar in format to the booklet form auto liability policy introduced by the group two years ago, the policy presents an indexed listing of coverages. Special typography has been used to increase readability.

Among broadened provisions of the new form is the defense, settlement and supplementary payment provision which will now pay up to \$100 on bail bonds required of the insured because of accident or violation of law or civil aviation regulations.

Winston-Salem, N. C. Assn. of Insurance Women has elected Mrs. Thelma D. Cason president, Mrs. Martha Fare and Mrs. Minnie H. Matthews vice-presidents, Mrs. Margaret Sparks and Mrs. Avanelle Speas secretaries, and Ruth Ellen Fogleman treasurer.

## General Liability Rules and Rates Are Revised by Bureaus

National Bureau of Casualty Underwriters has revised rules and rates in the general liability manuals, effective March 27 in all states—and District of Columbia, Alaska and Puerto Rico—except Texas where the effective date is April 15.

Elevator, M&C, and OL&T manual rules are revised to include coverage basically for lease of premises agreements without additional premium charge. An elevator revision results in including coverage also for elevator or escalator maintenance agreements.

These changes result in broadened coverage and in elimination of additional premium for many risks because heretofore coverage for such agreements was required to be written separately as contractual liability insurance.

Rule revisions on farm OL&T and farmer's comprehensive personal liability result in broadened coverage in several respects without increase in premium. The number of acres for which coverage is included under the basic rate is increased from five to 160, and property damage liability is afforded for the use of herbicides, except when discharged from aircraft, through elimination of the herbicide exclusion as it applied to ground spraying operations.

There are also some rate reductions for farm coverage. The rate for animal collision is reduced and the basic limit is increased. Coverage is included basically for rented farms and the rates for such farms are reduced, and the minimum premium for custom farming is reduced.

Inclusion of lease of premises agreements and elevator maintenance agreements, elimination of the herbicide exclusion for PDL applicable to ground spraying operations, and increasing the basic limit for animal collision are effective by interpretation to policies outstanding as of March 27.

For three states the bureau has revised farmer's CPL, from \$13 to \$16 in California, \$20 to \$25 in Connecticut and \$10 to \$15 in Texas.

Mutual Insurance Rating Bureau has announced similar changes. The minimum premium for custom farming under the farmer's CPL has been cut in half, from \$10 to \$5. The rate for animal collision coverage is reduced and the basic limit of liability for this coverage is increased from \$200 to \$300 per animal.

For the state of Pennsylvania, the revision includes revised bodily injury and property damage liability rates for M&C and OL&T. Rate level changes for Pennsylvania involve a reduction in M&C rates of about 2% for BI and 3% for PDL. OL&T, BI rates for the area and frontage classifications are increased 14%. PDL rates on the area and frontage classes are revised but the over-all rate level is unchanged. PDL rates on the OL&T miscellaneous classes, however, are reduced 33%.

## Reed Riverside V-P

Harry T. Reed, manager at Kansas City for Riverside of Little Rock, has been elected a vice-president of the company.

The March meeting of Insurance Women of Racine, Wis., featured a talk on new spring fashions and requirements of poise and charm for women by Ruth Augustine. Delegates were selected to attend the region V convention at Minneapolis.



SOMETHING TO CROW ABOUT

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OHIO FARMERS INDEMNITY COMPANY

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## Thorn, Brewer Head N. Y. Nominees, 75th Program About Set

New officers of New York State Assn. of Insurance Agents, who will be voted on at the 75th annual convention in Syracuse May 6-7, have been nominated. In addition, a substantial portion of the program for the diamond jubilee celebration of the group has been completed.

The association's nominating committee has recommended the following officers and directors.

For president, Craig Thorn Jr. of Hudson, executive vice-president, who served as a director for three years and as regional vice-president, and two terms as treasurer; for executive vice-president, Herbert S. Brewer of Lockport, treasurer, who has been on the executive committee for several terms, was a regional vice-president, served two years as co-chairman of the membership committee, and who is a past president of the Lockport board; for treasurer, Arthur F. Blum of Rockaway Park, a director and member of the executive committee and past president of the Queens County Assn.; for state national director, Arthur L. Schwab, Staten Island who now holds that post and is a past president of the association and is treasurer of Eastern Agents Conference.

For directors the nominations are Benjamin G. Huskisson of Port Jefferson, Kenneth W. Haslam of Rosedale, H. Lewis Kolodny of Monticello, W. Everett Meade of Bath, Raymond A. Muth of Newark, Charles B. Magnuson of Jamestown and Richard F. Kresse of Buffalo.

The entire theme of the convention will be devoted to the past history and the future of the insurance industry in the state.

Walter J. Mahoney of Buffalo, state senate majority leader, Superintendent Leffert Holz, Charles P. Butler, New York insurance attorney and former deputy superintendent of insurance, Louie E. Woodbury of Wilmington, N. C., vice-president of NAIA, H. Earl Munz of Paterson, N. J., chairman of the property committee of NAIA, and Victor Ehre, president of Buffalo, are scheduled to speak.

The Monday night banquet will be devoted to honoring presidents and widows or sons of deceased past presidents.

## Singletary Becomes Chairman of Audubon

T. J. Singletary, president and founder of Audubon of Baton Rouge, has been elected chairman, and is succeeded as president by M. S. Dougherty Jr., who has been executive vice-president.

A. P. Cunningham Jr. has been

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elected secretary to the vice-president and secretary; Joel P. Ory is promoted from treasurer to vice-president and treasurer, and J. M. Oates, assistant secretary, becomes assistant vice-president in charge of claims.

## Dairy Queen Group Cover Plan Dropped

The group plan of insurance fire and casualty risks of several thousand Dairy Queen outlets over the country has been dropped by Dairy Queen Development Co. of St. Louis. The plan, which embraced a general line of coverages including fire, was in London Lloyds and was placed by the Lawrence Wilson agency of Tulsa. Several state insurance departments had objected to the plan.

State Automobile Insurance Association of Des Moines is changing its name to **State Automobile & Casualty Underwriters.**

**Inland Empire Fire Underwriters Assn.** will inspect Newport, Wash. April 23.

## EC Rates in Ark. Go Up 25% for Non-Deductible

LITTLE ROCK—Sharp increases in rates of 25% or more for most classes of "full cover" extended coverage on buildings have been approved by the Arkansas department, effective April 1. At the same time, EC rates on contents for the various classes were reduced an average of 10% while EC deductible rates on buildings remain practically the same. Also, TV and radio antennas are now excluded from coverage and must be specifically insured at a rate of 5.04 if they are to be insured at all.

Under the new EC schedule, dwellings were increased from .43 to .51 per \$100 for full coverage, and the contents rate was dropped from .34 to .31, the latter also being the present \$50 deductible rate which remained unchanged.

Full coverage on farm dwellings was hiked from the present .59 to .82. EC on contents in farm homes was re-

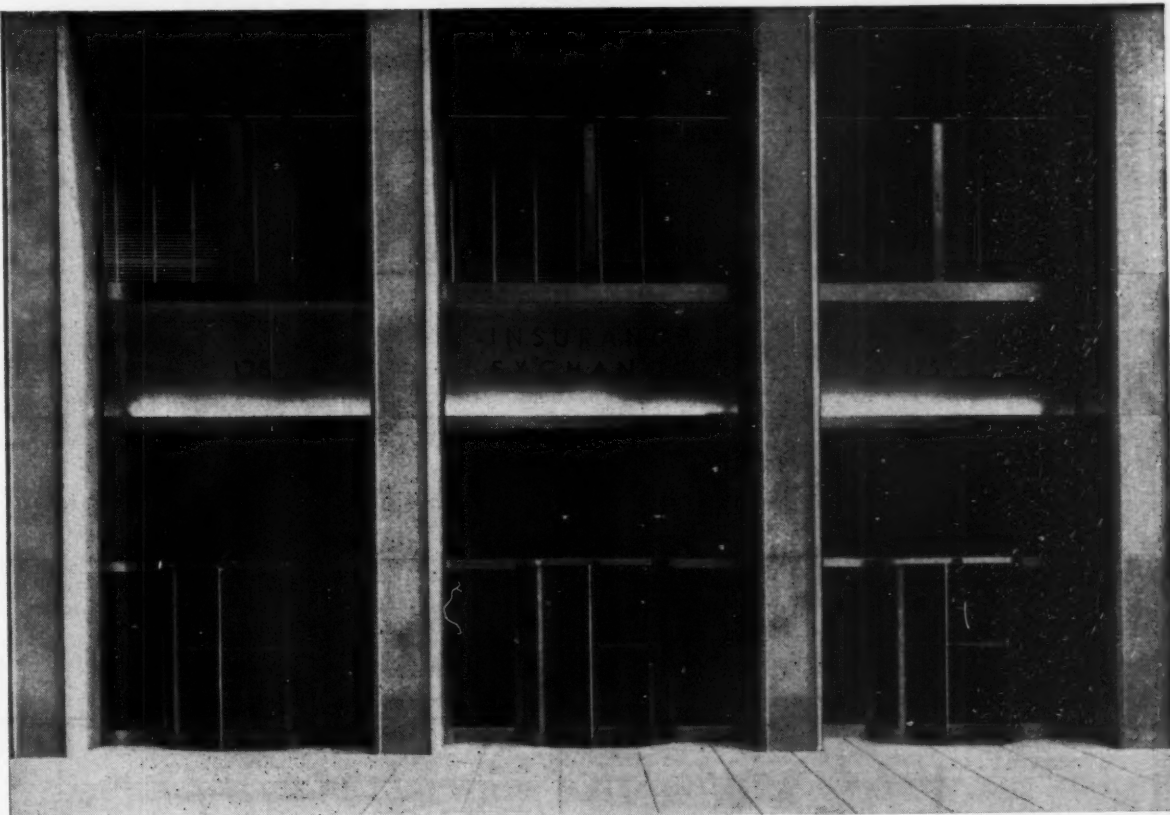
duced from .45 to .41 and the \$50 deductible rate on farm dwellings was lowered from .44 to .41.

"The spread of \$2 per \$1,000 between full and deductible cover on city dwellings and \$4.10 on farm dwellings will make the \$50 deductible coverage more attractive than ever" Commissioner Combs commented, "although the spread probably is not enough to induce the owner with the small valued dwelling to take the deductible cover." A number of companies in their underwriting of small valued homes are beginning to insist on the EC deductible, the commissioner pointed out, and are refusing to accept them on a full coverage basis any longer.

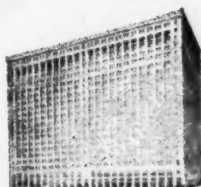
The increases were justified, the commissioner said, by a 10-year (1946-55) underwriting loss on EC of \$5,331,793.

## Inspect Underwriters Laboratories

Members of Assn. of Fire Insurance Examiners of Chicago toured Underwriters Laboratories' Chicago testing station at the March meeting. A business meeting and banquet was held after the tour.



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### Fidelity & Casualty Names John P. Keary Manager in Detroit

John P. Keary has been appointed manager at Detroit for Fidelity & Casualty. He succeeds the late Harris B. Carr.

Former manager at Providence, Mr. Keary has been with the company since 1942, when he started at the home office as a special agent. Transferred to Altoona, Pa., in 1944, he was appointed district manager there in 1947. He was named manager at Providence in 1953.

### Battey is Appointed V-P of American Re

American Re has appointed William R. Battey a vice-president. An assistant vice-president since 1955, he has been with the company since 1946.

### King & Northington, Local Agency in Tenn., Opens Its New Offices

King & Northington local agency in Clarksville, Tenn., has opened new offices in a remodeled and modernized ante-bellum mansion at 325 north Second street. Commissioner Northington is co-owner of the agency. A partner in the firm since 1937, he was first appointed commissioner in 1953.

Among those who attended the opening were Commissioner Davis of Mississippi and Commissioner Thurman of Kentucky. Also on hand were Spalding Southall, assistant general manager of National Assn. of Independent Insurers and former Kentucky commissioner, and John Lee, manager of Tennessee Inspection Bureau.

Commissioner Northington's partner is J. Ray King. He has been in insurance since 1921. His son, Howard King, is an associate in the agency. Jack H. Frost is manager.

### Name Burkhard General Re Claims Attorney

Ernst A. Burkhard, former assistant vice-president of Gulf of Dallas, has been appointed a claims attorney of General Re.

Mr. Burkhard entered insurance in 1929, and went to Gulf in 1934. He is a past secretary-treasurer of Central Claims Executives Assn.

### N.C. Studying Auto Compulsory Measure, Deviation Filing Bill

An auto compulsory liability insurance bill has been introduced in North Carolina.

Also, at the request of Commissioner Gold, Rep. Harris of Wake is sponsoring a measure which would make it legally sufficient that only one deviation filing notice be sent to North Carolina Fire Insurance Rating Bureau. At present individual notices must be sent to each of more than 300 companies bureau members.

Other insurance measures introduced include a bill to prohibit a licensed agent from representing an unlicensed company in North Carolina without the insurance commissioner's approval, and a bill to require non-resident adjusters to give the commissioner written notice before adjusting a loss or losses where no license is required.

### American F. & C. Has Premium Record in 1956

Premiums written by American Fire & Casualty of Orlando in 1956 increased to more than \$10 million. Assets rose \$1,514,122 to \$9,595,083. The company reported its 1956 results as being the best in history.

### Bankers Fire Elects Kennedy President, Names Two Directors

W. J. Kennedy Jr. has been elected president of Bankers Fire of Durham, N. C. W. P. Mason and J. C. Scarborough were named vice-presidents, R. N. Harris vice-president and secretary, E. R. Merrick treasurer, and William J. Walker Jr. and J. J. Henderson assistant secretaries.

William J. Kennedy III and W. B. Muse were elected directors.

### Murphy to Agency Ranks

J. R. Murphy has joined Cochran's agency of Houston. He has been assistant manager at Houston for Aetna Fire. He is president of Houston Surety Assn.

American Universal has been licensed in Michigan and North Carolina.

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## EDITORIAL COMMENT

### This Auto PHD Is a Credit Guarantee

Testimony before the Senate subcommittee on automobile marketing practices in Washington made it clear that people ought to quit thinking of the coverage provided by insurers to protect the equity of the finance company in an automobile sold on the time payment plan as insurance. It is not in the usual sense insurance at all but a credit transaction designed to protect the finance company against credit risk until payment has been completed.

The PHD coverage written by finance company insurers on financed automobiles, according to the testimony in Washington, is not underwritten, and, at least in the past, has not been classified properly by the automobile dealers who fill out the papers. This can be and for many of these companies is a perfectly legitimate and proper enterprise. But it is not insurance in the sense that it is designed to protect a member of the public against the loss of property which is his own. It is strictly a credit protection. It is aimed entirely at the protection of a lending institution which has extended the credit to an automobile buyer, and its design is to see that that amount of money, for sure, gets to the financing institution.

The only protection it offers the buyer is against the risk of having something happen to the automobile physically before he gets the debt paid. It is beneficial to the automobile buyer who makes his purchase on the installment plan only to the extent he is not saddled with debt without a car.

All this may seem so clear to those

in the business as to be elementary, but it certainly has not always been clear, if it is today, to the public. They think of it as insurance when a more precisely descriptive term would be credit guarantee. The testimony at Washington made it clear that the insurers that write this business do not need underwriting skill, do not compile data normally accumulated by insurers, and do not bother with statistics maintained by insurers. The transaction is handled at the underwriting level mostly by girls who simply compute the premiums. These insurers point out that when a dealer sells a car on time, is it necessary to have the insurance effective immediately from the moment of sale. Of course this is to protect the purchaser against the credit risk, but its main function is to protect the dealer and the financing institution—the dealer for his commission on the business and the financing institution for the money it has laid out to buy the man a car.

This is not insurance in the usual sense at all but a credit guarantee, whose regulation might more realistically be placed under the state division responsible for regulating banking and loans. In this case, the commission to the automobile dealer would come somewhat closer to the percentage paid for placing mortgage loans. If the protection afforded were designated as a credit guarantee, the public would not be bemused, as some members of it are, into believing that it has insurance, and that this credit guarantee will do what his insurance on other property and risks will do.

### The Local Agent and Public Relations

(Based on a talk before Southern Agents Conference.)

Real public relations activity is a relatively new thing for the insurance business. Only recently has competition brought the business out of a kind of entranced preoccupation with intra-industry relations, in which there was no purposeful, continuous effort to keep up with what was happening on the outside, particularly marketing, and no effort to tell the outside world what was going on inside. In looking outside, the business has been impressed by the amount, variety and intensity of marketing that goes on in the "mercantile" world. Some observers have concluded that marketing, *per se*, has changed.

Yet marketing has not changed much in 15 years, except in intensity, as competitive pressures increased. Marketing in character is a lot like it has been, beyond the confines of the insurance business.

The insurance market, however, has undergone a remarkable change. Only in the last 15 years have most individuals had much of a choice in the purchase of insurance. In the old days a man bought some fire insurance on his dwelling, if he had one, because the mortgagee insisted upon it. If he had an automobile, he might or might

not have purchased insurance on it—unless it was financed, in which case he had to buy physical damage. There was no comprehensive personal liability. He didn't buy burglary and theft. Only when he got old and rich did he buy a personal property floater. He spent so little on insurance, why be interested in it?

Today he is much interested in it. Fifteen or 20 years ago he was spending \$15 every five years for some household contents coverage. Today it would be surprising if he doesn't have to spend \$150 a year. That is 10 times the amount and five times the frequency for 50 times as much dollar interest. No wonder there is competition for the business.

In the depression, the choice of selling insurance may have been and often was the last resort of a bankrupt personal economy. Compare that situation to modern times, when producers are realizing that their part in this business is professionally respectable and serviceable and economically worth protecting—a job that has a lot of dollar value and that is worth spending money to preserve, develop and extend.

Consequently, agents are beginning to spend money on public relations and to develop individual and group PR

efforts of both paid and "free" kinds. This is as it should be. Because of the peculiar nature of the local agent's function, the primary PR effort in this business has to be made by its marketing forces. Who else should do it? Who else has a close, community relationship with those who need insurance? The companies can help create a favorable atmosphere. They can even arouse enough interest on particular coverages or hazards to develop inquiries. But the effective PR work must be done by the local individual agent, at individual insured level.

The best of the local agents are practitioners of great skill in the area of PR. They know, understand and cultivate their public in their locality. They appear favorably to their public in civic affairs and safety activities, and in church, Boy Scout and Girl Scout efforts. They are the community's "Let George do it."

However, while recognizing the need of accelerating their PR efforts, agents have not been quite sure they were doing something important and dignified, or that they were doing it properly. After all, isn't this a self serving effort, a defensive move?

But in truth agents are doing one of the most difficult things for complicated organisms such as human beings to do—to study and find out what it is they do that produces a result that they want and then deliberately to modify, alter, extend or stimulate the pattern to get more of the results which they have determined are desirable for them and for those persons they serve. If agents don't believe this is a fine thing for the public, they don't believe in their product and ought not to be in the business. By learning more about PR, agents are finding out how to do it in an appropriate, more effective way.

A first essential in a planned improvement of PR is to decide who constitutes the agent's public. The "public" does not exist, any more than "the insurance business" exists. What the agent is really talking about is a group of persons with whom he would like to do business. That is not all the public even in the geographical limits of his community. He doesn't want to write a homeowners on the guy in jail or get is business from a hermit living in the hills. After all, not even social security covers everyone.

If the agent can pre-qualify the persons he wants to reach, or even the type of persons he wants to reach, his task of PR becomes achievable and the cost of it becomes measurable.

Thus the agent has a more complicated problem with respect to client or customer relations than almost any other entrepreneur. He is in the business of selecting, and selection of clients is an underwriting responsibility which he exercises or gets exercised for him.

Having qualified his public, the agent has to decide what it is he is selling. He is certainly selling at all times a personal relationship and continuous local responsibility.

As to product, agents sometimes say it is difficult to sell an intangible. Yet partly because it is intangible and partly because of its character insurance has all the inherent velocity and



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force of a great idea. Being intangible, its identification is difficult, but at the same time those who sell it are given flexibility barred those with, say a vacuum cleaner, or an automobile to sell. Suppose all the agent had to talk about was buttons?

The agent also has a product that is priced higher than some of his competitors. That is the meat of the coconut. How is he going to sell a product that looks the same to the public at a 10, 15 or 20% higher price?

The agent should stop worrying about it. He is the difference, and his local responsibility and freedom to advise are worth 75 cents or less to his client, or he is no salesman.

What he needs to worry about is not the difference in price but about telling his story. Here he is somewhat behind the procession and needs to catch up.

Telling his story in as many ways as are economically feasible, in a pleasant or at least favorable way, to persons he wants to impress, and for the purpose of establishing an agreeable interchange leading to benefits to the prospect and profit to himself—that is public relations for the agent.

Public relations consists of a lot more than news releases. It includes paid advertising, and that can be highly effective. There are several other paid ways for the agent to make his story heard—radio, TV, direct mail, telephone books, catalogues, programs, movie trailers, novelties and billboards, to mention a few. But beyond paid advertising, what are the "free" or nearly "free" ways of telling the agent's story? These will be discussed in an editorial in next week's issue. K.O.F.

## PERSONALS

**Edward C. Holden Jr.**, president of U.S.P.&I. agency and vice-president of Marine Office of America, has been elected a member of Federal Bar Assn. in Washington, D. C. He is also a member of Judge Advocates Assn., American Bar Assn. and Maritime Law Assn.

**Leo J. Buettner**, local agent at Johnstown, Pa., was awarded, at the 35th anniversary banquet of the local Lions Club, a 35-year charter certificate and chevrons to be attached to his club lapel pin. He is the only active charter member of the local club.

**E. J. Parker**, fleet administrator of Hartford Fire, has been elected chairman of the recently formed National Assn. of Fleet Administrators.

**Robert H. Nicholls**, vice-president of Fidelity & Casualty and in charge of the metropolitan area for that company, has been elected president of Drug & Chemical Club, and **Joseph J. Magrath** of Chubb & Son, was named vice-president.

**John R. Barry**, president of Corroon & Reynolds, has been named chairman of the insurance division of the cardinal's committee of the laity for the 1957 New York Catholic charities drive.

**Francis X. Malley**, who is retiring as vice-president of American Re after 37 years, was given a testimonial dinner in New York by friends in the reinsurance business. Charles H. Pritchard

of Pritchard & Baird, reinsurance intermediaries of New York, was toastmaster. Previously, Mr. Malley has been honored at a dinner by officers and directors of American Re, at which Edward L. Mulvehill, president, presented him with a wrist watch.

**Roy L. Nicholson**, now retired after 20 years as state agent in Wisconsin for Michigan F. & M., recently addressed 400 members of Badger Firemen's Association at their mid-winter meeting at Random Lake. His talk was entitled "A Laugh a Day Beats an Apple." For many years Mr. Nicholson talked on fire hazards.

## DEATHS

**EDWARD M. GRIGGS**, 75, assistant general counsel of National Board in charge of its office at Chicago, died there. A member of the Illinois bar, for 17 years he conducted his own practice. He was appointed assistant general counsel of National Board in 1924. On May 3, 1956, after 50 years as an attorney in Illinois, he



Edward M. Griggs

was given a certificate as senior counselor of Illinois Bar Assn.

He was a director of First National Bank of Ottawa, Ill.

**EARLE W. MURRAY**, 75, who joined Appleton & Cox at New York in 1923 and retired as executive vice-president in 1951, died at St. Barnabas hospital, Bronx, N. Y.

**G. B. HARRISON JR.**, manager for 20 years of the casualty and surety department of Leon Irwin & Co. agency of New Orleans, died.

**CHARLES M. LIDDLE**, 53, vice-president of the Austin & Co. agency at Albany, N. Y., died suddenly while hiking near his summer home in the Adirondacks.

**HARRY F. WANVIG**, New York City agent, who was in the business 40 years, died at Roosevelt hospital there.

**JOSEPH E. KENNEDY**, 85, former Wisconsin deputy commissioner and state fire marshal from 1927 to 1934, and secretary of Wisconsin Mutual Insurance Alliance from 1934 to 1953, died. His son, J. E. Kennedy Jr., is a rater with the Wisconsin department.

**WILLIAM B. FLECKENSTEIN**, 75, local agent at Rochester, N. Y., for 40 years, died.

**A. J. KINKEL**, 71, who retired five years ago as a statistician for American Automobile after 35 years with the company, died.

**FRANK M. BOSTON JR.**, 54, with the Spratlin, Harrington & Co. agency, Atlanta, since 1927, died there.

**THOMAS A. DOBSON**, 55, Renton, Wash., local agent, died following a three months' illness.

**S. CLARENCE MAGUIRE**, vice president of American Credit Indemnity, died. He joined the company in 1918 when the home office was at St. Louis, becoming assistant treasurer in 1925 and treasurer in 1938. He was

elected a director in 1944 and a vice-president in 1948.

**H. L. DAVIS SR.**, 71, general agent of San Antonio, and local agent of Boerne, Texas since 1918, died. He was a past president of Texas Assn. of Managing General Agents.

**JOHN JOHNSTON**, 86, who had been with Underhill & Foster agency of Brooklyn 58 years, died at Far Rockaway Nursing Home in Queens after a short illness.

**MRS. HENRIETTA S. Mc FALLS**, 75, widow of the late Robert B. Mc-

Falls, New York city agent, and mother of David S. McFalls who operated the agency until he recently sold it, died at Orlando, Fla.

**CARROLL D. KNAPP** of the Munro, Evleth & Knapp agency of Syracuse, N. Y., died at his home. He was a past president of Syracuse Underwriters Exchange.

**WALTER R. CALVERT**, 56, senior member of the Booker & Kinnard agency of Louisville, died. He was with the old Kentucky Actuarial Bureau for (CONTINUED ON PAGE 36)

## AS CERTAIN AS THE TIDE



... the faithful services of your

# BIG\* AGENT

## \*BOSTON INSURANCE GROUP



BOSTON INSURANCE COMPANY  
OLD COLONY INSURANCE COMPANY

87 KILBY STREET



BOSTON, MASS.

(Agent's name, address and telephone number)

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Our 25th Year

# A. E. STRUDWICK CO.

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MINNEAPOLIS 2, MINN.  
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A. E. STRUDWICK, PRES. W. H. KERN, V.P.  
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# He tried to KIDNAP a movie queen!

In a clearing at the edge of the Orinoco jungle, an American employer was treating the villagers to a movie.

Suddenly a terrible figure loomed up. In an instant, a whooping band of Indians had swept out of the jungle behind him! Amid wild shouts and screams, they carried away the dancing lady and the talking box!

That savage sortie cost an American firm thousands of dollars in loss of property and injuries to its guests.

But that American company recovered every cent — through American insurance! It was written by their American insurance agent, through American International Underwriters.

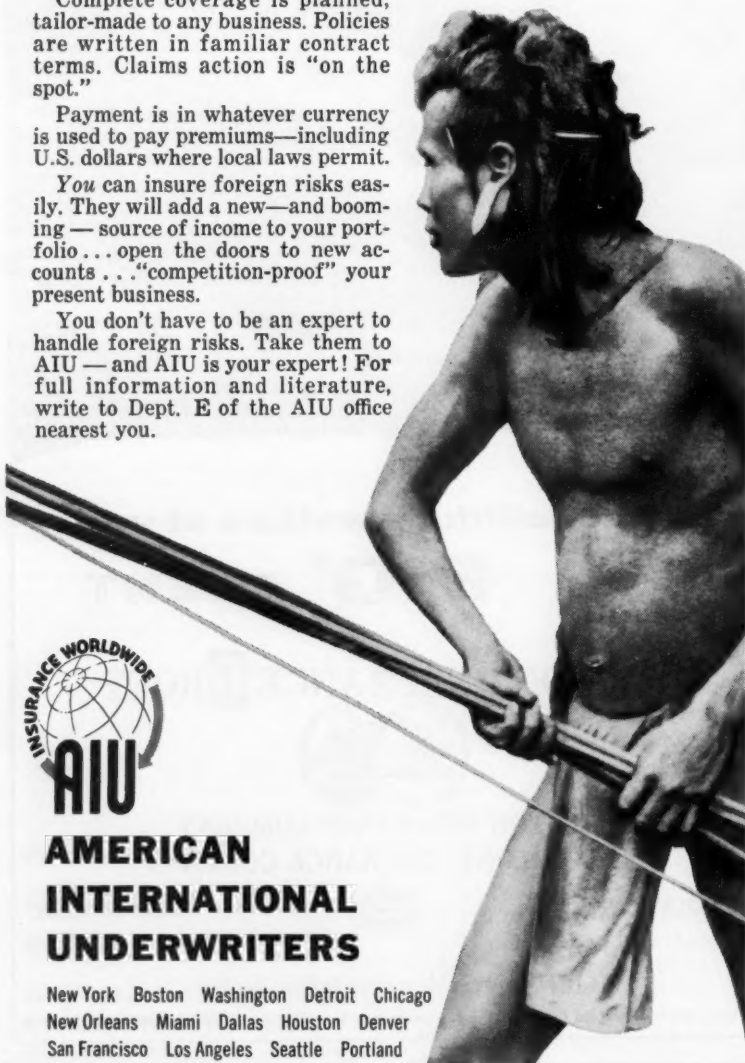
All AIU requires is the same information needed for domestic risks. AIU does the rest!

Complete coverage is planned, tailor-made to any business. Policies are written in familiar contract terms. Claims action is "on the spot."

Payment is in whatever currency is used to pay premiums—including U.S. dollars where local laws permit.

You can insure foreign risks easily. They will add a new—and booming — source of income to your portfolio...open the doors to new accounts... "competition-proof" your present business.

You don't have to be an expert to handle foreign risks. Take them to AIU — and AIU is your expert! For full information and literature, write to Dept. E of the AIU office nearest you.



**AMERICAN  
INTERNATIONAL  
UNDERWRITERS**

New York Boston Washington Detroit Chicago  
New Orleans Miami Dallas Houston Denver  
San Francisco Los Angeles Seattle Portland

Inspect our popular

**Errors and Omissions  
Professional Liability  
Accounts Receivable**

Write Dept. K-2, Reading, Pa.

programs

**AMERICAN CASUALTY**

COAST-TO-COAST BRANCH OFFICE SERVICE

## Pacific National Names Two on Coast

Norman T. Moore has been appointed agency department manager for the Pacific division of Pacific National group. He has had several years of multiple line experience with U.S.F.&G. and has been in production work in northern and central California for 10 years.

Fred J. Anderson has been named to the division staff as assistant underwriting department manager. He has had experience as a local agent, field man and branch office manager. His primary duties will be the establishment and development of the division casualty department.

## Immorality of Auto Death Toll Will Lead to Public Safety, Kennicott Predicts

Public conviction that the mounting annual automobile death toll is immoral will lead eventually to victory in the battle for traffic safety, H. L. Kennicott, public relations consultant for the Kemper companies, declared at the 40th anniversary dinner of the Kemper Insurance Central Automobile Safety Committee, the oldest organization devoted exclusively to the study of automobile accident causes and traffic accident prevention in the country.

Mr. Kennicott, who was the first secretary of the committee, said the group began its work by studying files of automobile accident claims and, later, statistical reports on accident causes.

Among the concepts developed by the committee's research are: A car-length between cars is called for with each 10 miles per hour of speed; traffic hazards increase in geometrical, not simple arithmetical, ratio to speed, therefore automobile accident hazards increase with each increase in speed of 10 mph not by simple progression (1,2,3,4) but by doubling (1,2,4,8); a moving traffic violation is involved in 88% of all fatal automobile accidents.

Representatives of national, state and municipal traffic safety groups participated in the anniversary observance.

## Michael Levy (Remember?) Forming Own Life Insurer

NEW YORK—Michael H. Levy, whose book and *United States News & World Report* article aroused widespread resentment among insurance men, is in the process of getting his own life company chartered in New York. It will write life and A&S and will be called American Security Life.

Mr. Levy plans to start the company with a \$10 million capital structure, with himself and his friends owning about 20% of the stock. The company will operate entirely on a mail order basis and will offer life and A&S combination contracts unlike anything thus far seen in the business.

Mr. Levy is a broker and is connected with Federated Brokerage Group of New York City.

## Northern Honors Veteran Agent

H. R. Vail, local agent at Oakland, Cal., was honored at a luncheon by Northern of London recently as he celebrated his 45th year as an agent of the company. Peyton Y. Alverson, Pacific coast manager of Northern, presented Mr. Vail a commemorative plaque signed by E. D. Patton, U. S. manager.

St. Paul Assn. of Insurance Women has elected Mrs. Venita Mae Salt president; Miss Mary Rodgers vice-president; Mrs. Henrietta Anderson recording secretary; Mrs. Florence Polreis corresponding secretary, and Miss Dorothy Tschida treasurer. Miss Virginia Innes, St. Paul F.&M., will be the delegate to the Region V convention and Mrs. Polreis will represent the association at the national convention in June.

## North American Re Elects Two to V-P

John R. Ward and William W. May have been elected vice-presidents of North American Re. John C. Woody has been named associate actuary.

Mr. Ward represents the company in both the U. S. and Canada. He is a specialist in group and A&S. Mr. May is in charge of the southern territory, with headquarters in Dallas. Mr. Woody formerly was assistant actuary, and has been with the company since 1955.

## Safe-Teen Club at Lansing

LANSING—Lansing Assn. of Insurance Agents is the sponsor of a Safe-Teen club at Sexton high school here. Mayor Crego presented the charter to the student president at a ceremony last week.

In Hartford, George I. Watson, president of Morley, Watson & Baldwin local agency, has been named to the newly created post of chairman. Myron L. Baldwin, executive vice-president, was elected to succeed him as president.

**INSURANCE  
TO FIT THE NEED**

**Better Protection  
without red tape of**

**COMPULSORY  
AUTO INSURANCE**

✓ It is quite natural for your insured to want to be paid if he gets hurt in an auto accident for which someone else was to blame. But placing the blame is frequently rather difficult. Even when he himself is at fault your insured would still like to be paid.

✓ How many of YOUR insured know how well you can protect them under presently available additions to the automobile policy—protection that will do much more for them than they could expect from any compulsory insurance law? "Shelby" agents can recommend the right combination of medical payment limits, death and disability insurance or family protection plus the physical damage coverages to fit each client's needs. Do you?

THE  
**Shelby Mutual**  
INSURANCE COMPANY  
of SHELBY, OHIO

✓  
**NON-ASSESSABLE  
FIRE & CASUALTY**



## Hoosiers Listen Again to Walker's Advice on Board Advertising

INDIANAPOLIS—James P. Walker, the Augusta, Ga., local agent who spearheaded his local board's spirited and successful campaign against direct writer competition, discussed "The Augusta Story" before a dinner meeting of Indianapolis Insurance Board. It was Mr. Walker's second visit in Indianapolis in four months; he had gone before the Indiana agent's convention to tell his story in November. He declared that he hadn't lost a single policy to the direct writers in the intervening months, and in fact had been getting previously-lost accounts back at a rate of three to 10 a week.

The Augusta board members were losing four to 10 policies a week to direct writers in 1954 and went to an advertising agency with their problem. The advertising agency first polled the people of the community to find what they thought of the local agency system of doing business. Among the most astonishing results was the fact that 90% of those interviewed stated that the "initiative" in servicing their insurance came from the policyholder, not the agent. In other words, said Mr. Walker, "We were only servicing 10% of the people." Forty percent stated they would switch to dealing directly with a company for a 20% price discount.

On the advice of the advertising agency, the board went to TV—a new medium at the time in Augusta, at the same time inaugurating an intensive public relations program, and in six months the board and its members got a volume of free newspaper publicity that would have cost them \$21,000 if they had bought the space. The advertising agency handled this aspect of their program on a \$100 a month retainer basis. Mr. Walker called this "creating the news" and said it fell in six major areas of publicity: Agency, personal (individual members), social, public service, cooperative (such as tie in with fire prevention activities), and educational.

The program has expanded to radio and newspaper ads and direct mail. Mr. Walker urged the Indianapolis agents, to tie in with the National Board's current campaign, which he deemed excellent, and to use the new symbol of NAIA. Although he praised these programs, he warned: "You've got to spend your money on a local level if you are going to survive."

## Propose Doubling Capital of New Amsterdam Casualty

Stockholders of New Amsterdam Casualty at their annual meeting April 17 at New York will vote on a proposal to double the capital of the company to \$2 million by increasing the par value of the stock from \$2 to \$4 and transferring \$1 million to capital from the contingency reserve. The increase is to enable the company to write multiple line with more facility.

## Helmberger Joins Anker Agency

Richard A. Helmberger has joined the E. Howard Anker agency at Minneapolis. He has been a special agent for Maryland Casualty and before that was with General of Seattle and with the Charles W. Sexton agency.

U.S. Sen. Hill has introduced a bill to prohibit removal to federal district courts of action commenced in state courts under workmen's compensation laws.

## Mutual Loss Prevention Managers Hold Parley at Chicago

Insurance company management should be influenced to be aware of its responsibilities for safety activities, Norman L. Trebilcock, vice-president of Badger Mutual, told the loss prevention managers' conference of National Assn. of Mutual Insurance Companies meeting at Chicago. Based on case history from the files, plus a careful analysis, the loss executive's recommendations for safety activities can reduce the company loss ratio, Mr. Trebilcock declared.

Loss underwriting activities should be transmitted to underwriting executives for future guidance, he said.

Opening speaker of the two-day meeting was Ned H. Dearborn, president of the National Safety Council. Mr. Dearborn said there must not only be greater emphasis on safe conduct of the individual but also social and moral responsibility.

The meeting was designed primarily to exchange ideas on the operation of loss prevention departments in mutual insurers. Chairman was L. A. Church, chief engineer of Michigan Millers Mutual.

Organization of an engineering department for multiple line operations was the topic of Russell M. Dougherty, vice-president of Federated Mutual Implement & Hardware.

Fire prevention and protection problems from the chief engineer's viewpoint was discussed by C. M. Blaesi of Indiana Lumbermens Mutual. Claude Stubbe, chief engineer of Mutual Service Casualty, talked on obtaining better loss ratios through employee selection. He said that in surveying most small businesses he has found no system of hiring new employees. The result is that many people are hired to do work which they cannot physically perform and the employee is forced to

lay off his job, ending up on the payroll of the workmen's compensation insurer.

The second afternoon session featured a panel on engineering service. Rate analysis was treated by W. G. Schultz, Lumbermens Mutual, who served as panel moderator. C. M. Rowley, American Manufacturers Mutual, discussed promoting mutual insurance through loss prevention recommendations; J. R. DeHaven, Employers Mutual Fire, spoke on review of plans and consultation service; and Norman Williams, Meridian Mutual, emphasized services of inspectors.

The Hugh H. Hoffman agency of Dayton has moved to new quarters in the 25 South Main building.

## Heaton Appointed N. Y. Underwriters Manager in Canada

New York Underwriters has appointed Edwin S. Heaton manager for Canada succeeding R. H. Campion, who has resigned.

Mr. Heaton, manager of the Ontario department for the past 12 years, was formerly with Canadian Underwriters Assn.

Connecticut Mariners Club heard Archie Slawsky, local agent of Nashua, N.C. and member of National Assn. of Insurance Agents executive committee, discuss marine and inland marine cover at the March meeting in Hartford.

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DOMESTIC AND FOREIGN MARKETS

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Howard E. Mankin, Executive Vice-President  
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# all our doors are open!

It's a Company Policy!  
Whenever an agent visits  
the Century Group, he finds office doors  
of Company officials wide open to him.  
They're never too busy to talk over  
agents' problems . . .  
never too busy to help.



**The CENTURY**  
INSURANCE COMPANY, LTD.  
Established 1885



**The PACIFIC COAST**  
FIRE INSURANCE COMPANY  
Established 1890

*A Multiple Line Group*

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## A & S

### N. Y. Judge Junks Blue Shield Case, Upholds Ruling

A test case instituted by Blue Shield has been dismissed by Superior Judge Greenberg at New York, who upheld a ruling by Attorney General Lekowitz that Blue Shield subscribers were entitled to be reimbursed for oral surgery whether performed by a physician or dentist.

Seeking review of the insurance law, Blue Shield told the court that under existing contracts it would be required to pay subscribers \$800,000 or \$1,500,000 a year and that it might be subject to \$1,250,000 additional liability to subscribers.

Blue Shield argued that under the law it had the option of not paying for oral surgery unless a physician had ordered it done by a dentist rather than a physician.

### Air Force Seeking Insurance Expert for Dayton Base

DAYTON, O.—The air materiel command at Wright-Patterson air force base here is seeking an insurance specialist to review and approve for adequacy the insurance programs of air force contractors. The applicant should have had two or three years' experience as a compensation and liability underwriter, preferably in a line office, handling large industrial risks, including those written subject to retrospective rate adjustment.

Because the insurance programs of very large industrial concerns will be the subject of review, a general familiarity with all forms of insurance bought by industry is likewise a requirement, although the specialized experience with respect to such other insurance coverage is not specified. Starting salary is \$7,500 a year. Applicants should write to the civilian personnel office, Wright-Patterson air force base, Ohio, attention MCGCBP, enclosing a brief resume of insurance experience.

### Hartford Accident Has New Travel Policies

Hartford Accident, as part of its A&S expansion program, has brought out new travel policies covering accidental death or injuries sustained during personal or business trips. Three new contracts for individuals provide benefits for death and dismemberment from \$5,000 to \$50,000 maximum, with medical payments equal to 10% of the death-dismemberment amount. Three new employee travel policies provide, on a group basis, coverages roughly analogous to the three individual contracts.

### L. A. A&H Underwriters Elect Dutwiler President

Los Angeles A&H Underwriters Assn. has elected Richard Dutwiler, National Casualty, president; Frances Sandidge, Paul Revere Life, 1st vice-president; Edward L. Porter, Washington National, 2nd vice-president, and Martin Asher, Paul Revere Life, secretary-treasurer.

F. Kenneth Stoakes, California general agent for Loyal Protective Life, presented a talk, "How to Sell Today."

### Time Promotes Lewis

Carrol S. Lewis, manager of the benefit department of Time of Mil-

waukee, has been promoted to assistant vice-president. He joined the company in 1955 and before that was an examiner in the A&S division of the Wisconsin department.

### Ill. Mutual Casualty Has Good Year in 1956

Illinois Mutual Casualty in 1956 had premiums of \$3,976,817, assets of \$2,591,721, surplus of \$989,741.

President E. A. McCord said the company was licensed last year in North Dakota and Kentucky and now operates in 14 states.

### Combined Reports on 1956

The annual statement of Combined of Chicago shows assets of \$10,784,797. The company had a loss reserve of \$1,347,873 Dec. 31 and unearned premiums of \$3,455,729. The net surplus was \$4,311,241.

Carl L. Strong, insurance coordinator and associate professor in the Michigan State university school of business, is addressing this week's meeting of Southwestern Michigan A&H Assn. at Galesburg.

### \$75 Million Worth of Contract Bonds Placed

Miles Construction Corp., Los Angeles, has been awarded a contract by the air force, at a price of \$21,746,953, for construction of 1,535 family dwellings at the Little Rock air force base, Little Rock, Ark., with Great American Indemnity Co., through Wren & Van Alen, as primary surety along with these co-sureties: Continental Casualty, American Surety, Royal Indemnity, American Employers and Fidelity & Casualty. This is the largest single project so far awarded under the terms of the Capehart act.

U. S. Bureau of Reclamation has awarded the contract for the construction of the Trinity dam, central valley project, Calif., north of Lewiston, Calif., to Guy F. Atkinson Co., M. J. Bevanda, Ostrander Construction Co., Charles L. Harney, Inc., A. Teichert & Sons, Inc., and Trepte Construction Co. all of San Francisco as joint venturers, at a price of \$48,928,100. Fidelity & Deposit is surety for Atkinson, Harney, Ostrander, and Trepte; Hartford Accident for Bevanda; and Massachusetts Bonding for Teichert.

E. V. Lane Corp., Palo Alto, Calif., has been awarded the contract by the U. S. engineers at a price of \$2,794,115 for alteration of the existing control shaft and construction of foundations for a second power plant at Fort Peck, Mont. U.S.F.&G. is surety.

Long Beach, Calif., city council has awarded J. C. Boesflug Construction Co., Los Angeles, at a price of \$3,485,189, the contract, construction of Lakewood boulevard and spring street underpass at the Long Beach municipal airport. Travelers Indemnity is surety.

### F.&C. of Conn. Shows 1956 Underwriting Gain

Fire & Casualty of Connecticut had in 1956 an underwriting profit of \$119,381 and an investment income of \$227,397. Net operating profit was \$681,241 after federal tax.

Both automobile and fire lines were profitable. Major production was on fire business written through regular agency channels. The combined loss and expense ratio on fire lines was 73.8% and on all lines 89.6%.

The Firestone Park agency of Akron has moved into new offices in the Firestone Bank building. The agency, of which E. J. Hanlon is president and general manager, sent its customers a brochure illustrating the offices and listing its company representation.

### Pa. Governor Asks Compulsory UJF, AR by Law, Impounding

Gov. Leader of Pennsylvania is sending the legislature a package of four bills to "protect innocent victims of financially irresponsible car owners and operators."

He said one out of 10 of the state's three million passenger vehicles is being operated without proper insurance or other proof of financial responsibility.

The suggested legislation consists substantially of the recommendations made by the governor's committee for the study of the problem of the uninsured motorist and would make auto liability insurance compulsory, create an uncollectible claims fund, put the assigned risk plan under statute, and provide for impoundment of uninsured vehicles involved in accidents.

### Wm. Carroll Is Named Asst. Agency Director of Maryland Casualty

Maryland Casualty has appointed William N. Carroll to succeed Charles H. Peterson as assistant agency director. Formerly a field supervisor in the agency division, he joined the company in 1941 as a casualty underwriter in the Boston office. Promoted to special agent in 1943, he was named a field supervisor and transferred to the home office in 1953.

### Sparks Club Plans Agent Education Clinics in Fall

At its quarterly meeting in Harrisburg, the Sparks Club, mutual field men's organization, discussed plans for sponsoring seven agent educational clinic meetings which will begin in mid-September in Sharon, Pa., and end in Baltimore.

A new Sparks club directory was distributed to the members.

A letter of resignation was read from Robb B. Kelley of Employers Mutual Casualty, who has gone to the home office as superintendent of agencies. He was awarded an honorary membership.

The luncheon was attended by directors of Pennsylvania Federation of Mutual Insurance Companies, who were at a meeting of its loss catastrophe committee. They were introduced by Thomas J. Finley, their executive vice-president and member of Sparks Club.

Thomas P. Cahalan, traffic safety officer of Pennsylvania state police, talked on the function of his department and offered suggestions that insurers might follow in furthering safety education.

The Sparks Club meeting in Harrisburg May 16 will be preceded the evening before by the annual ladies night banquet.

### Chicago CPCUs to Review Letterwriting Technique

Chicago chapter of CPCU will hear Herbert E. Clarkson, instructor of business letter writing and public speaking at Northwestern university, discuss letter writing technique and describe correspondence cost-cutting systems at its meeting April 8.

### Mecke Transferred by Home

Charles M. Mecke, secretary of Home since 1952 and recently administrative assistant at Philadelphia, has been transferred to New York as administrative assistant to T. Morgan Williams, vice-president and secretary in charge of the western field. Mr. Mecke has been with Home since 1928. He was elected an assistant secretary in 1946.

### New Seattle Office to Develop Potomac, Pa. General Volume

The new production office of General Accident group in Seattle, in charge of Robert W. Kempter, will develop business for Potomac and Pennsylvania General in Washington, under the supervision of the group's Northern California branch office at San Francisco.

The managing general agency of Groninger & Co., Seattle, which has represented the group for many years, will continue its representation of General Accident and Pennsylvania General.

Mr. Kempter, who entered the business with Royal in 1936, went to General of America in 1940 and served in a variety of positions in Washington and the Rocky mountain area prior to being appointed California fire manager of Continental Casualty in 1953, and branch manager at Portland, Ore., in 1955.

The new office is located in Seattle's Colman building.

### N. H. House Votes Down Auto Compulsory Bill

The New Hampshire house overwhelmingly voted down a bill calling for compulsory automobile liability coverage. The vote was 274 to 31, and came after an hour's debate. Proponents of the measure criticized the "insurance lobby" for subjecting lawmakers to a "barrage of propaganda."

However, Rep. Crosby of Hillsborough, chairman of the insurance committee, said the committee felt compulsory is not the answer—that the cure is worse than the disease.

Rep. Shelby O. Walker of Concord, an officer of Farm Bureau Liability Ins. Co., pointed out that New Hampshire's financial responsibility law is a model being used over the entire U.S. Rep. St. Pierre of Rochester, who was the victim of an accident involving an uninsured driver, said that the insurers had been promising to do something about the problem for five or six years but all he could see they are doing is more lobbying.

The house also passed a measure increasing maximum weekly workmen's compensation benefits from \$33 to \$37.

### H. L. Kelly Retires After 48 Insurance Years

Harold L. Kelly, who has been acting as assistant to the president and general counsel of Southwest General since his retirement from the accounting firm of Joseph Froggatt & Co. in 1954, has retired. He has completed 48 years in the insurance business.

Mr. Kelly started with Ocean Accident in 1909. He was with Froggatt & Co. for more than 30 years and at the time of his retirement was manager at Los Angeles and assistant to the Pacific coast manager. Mr. Kelly also spent several years with the Norfolk Casualty as treasurer and comptroller and a time with the New York department prior to joining Froggatt & Co.

### Appleton & Cox Men Misidentified

The Appleton & Cox contingent at Southern Agents Conference in New Orleans was incorrectly identified in last week's story with Progressive. The A&C. hosts included Farley Cox, John V. Addy, Louis Hagstette, Percy Baumgartner, and Vance Higby.

North America headquarters were in charge of James M. Crawford. Charles F. Littlepage was on hand part of the time and then attended the zone 3 commissioners meeting in Mobile. Mr. Crawford was accompanied to New Orleans by members of his family.



## New Multi-Peril Conference Expected May 1

(CONTINUED FROM PAGE 1)

incurred losses of \$5,500,000 for a loss ratio of 51.6. Interbureau homeowners' figures for 1955 show on a basis somewhat less conservative than that of Empiro earned premiums of about \$1,400,000, losses of approximately \$650,000 for an earned incurred ratio of 45.5. Preliminary figures of a national rating organization for 1956 show a loss ratio, based upon an earned premium of \$37,824,000 (over 90% of Empiro's earned premium) and pure incurred losses of \$17,631,000, of 46.6.

With underwriting conditions generally uncertain in property insurance, clouds on the horizon of future developments in the multi-peril dwelling field are not unexpected, he said. Maybe this is the time to sit back, digest what the business has and attempt to put premiums on the books on a realistic basis. On the other hand, competition does not sit still.

He called attention to other package developments. One large insurer is pushing a five year contract containing automobile, dwelling, liability, and A&S with discounts for the package. Other companies have reduced minimum amounts for homeowners' coverages. Still other insurers, especially along the Pacific coast, have attempted to pioneer packaging of all coverages the typical homeowner might require. Another group has considered incorporation through a life affiliate of reducing term or mortgage insurance in homeowners. Then, too, there is the possibility of including check forgery or A&S.

Up to now rate competition in the package dwelling field has been comparatively narrow, but, he said, some insurer is likely to attempt to offer an embellished dwelling package form at a rate which fully reflects claimed acquisition and expense savings.

Consequently, about the only thing sure in the multi-peril dwelling field is experimentation and innovation. He said as and if the new MIC comes into being, it will prove a powerful influence in developing coverages of real benefit to the public and will create an atmosphere conducive to sound rate making.

Mr. Murphy then reviewed the office contents special form, commercial property coverage, and the industrial property form. The latter, though in existence and filed at least in part in practically all states, has not yet been finally approved in any state. However, final approval is anticipated shortly.

The industrial property form was developed by Interbureau and has been recommended to the regional or local fire advisory or rating organizations for filing in their states. Since the coverage includes first party casualty and inland marine, and the program is being handled on a concurrent filing basis, National Bureau of Casualty Underwriters and Inland Marine Insurance Bureau have filed their portions of the program nationwide and several states have, in effect, approved their filings. Other states are probably awaiting the fire organization filing to complete the package. As of now, no fire regional advisory organization has sent out the program for filing, though one regional fire organization has approved the form but has deferred filing action. One state fire rating organization has voted to file and presumably this will be accomplished within the next few days.

The form covers personal property, buildings and improvements and betterments. The coverage provided on personal property and buildings is broad and includes fire and allied lines, sprinkler leakage, burglary and robbery. In addition, as an optional coverage, all direct physical loss coverage can be obtained on personal property.

The form is available on a reporting form 100 and non-reporting form 200 basis, and the special personal property endorsement form 300 contains a \$100 deductible which is not applicable to the basic coverage provided nor to transit losses.

Full reporting is required or, if the form is written on a non-reporting basis, it may be written with a 90% or 100% clause.

Policies may be written for one or three years. The three year rate is 2.5 of the annual-rate.

Minimum premiums regardless of term are for personal property only, 100 or 200, \$2,500; for PP only, 100 or 200 with 300 attached, \$5,000; PP and buildings, 100 and 200, \$7,500; and PP and buildings 100 or 200 with 300 attached, \$10,000.

The mechanics of obtaining rate quotations are similar to the procedures used in the general cover field, Mr. Murphy added. Detailed underwriting information is necessary and Reporting Form Service Office is available to its members and subscribers.

One of the new attributes of this coverage is the extension of the multiple location rating plan credits to real property, e.g., building and machinery, he said. The basic annual average rates are subject to credits for size of premium and dispersion of risk. The maximum credit on buildings and machinery is 15%; the maximum on personal property 43%. A credit reduction takes place if the fire loss experience has been adverse.

With the IPF program, where does the output policy stand? The output, which does not cover buildings or machinery, has for some years now been rated by Empiro, he said. There are some 200 output policies in force with premiums about \$7 million annually. Companies which pioneered and have continued to afford output appear desirous of continuing to write the form, he observed.

Accordingly, it is contemplated that, pending MIC, Empiro shall take immediate steps to recommend the filing of the manufacturer's output through concurrent action of established rating organizations for fire, casualty and inland marine, he said. Upon formation of MIC, that work will be taken over by it.

As in the package dwelling field, it is the intent of any new organization to work toward the evolution of one multiple peril policy for the manufacturing field, Mr. Murphy said. There will be continuing developments, he predicted. For example, should boiler and machinery and the various time element coverages be added to the industrial property form? Would it be advisable to prepare a commercial, industrial or manufacturer's policy which scheduled all existing coverages for which such a risk is now eligible and permit the exercise of option both as to coverage and limits? If so, what rating treatment should be used?

Automobile Claims Assn. will hold its annual dinner in New York, May 10.



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product of The  
Parker Pen Company,  
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pencils

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*Fine Art*

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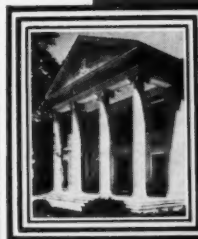
THE PARKER "51" embodies outstanding craftsmanship . . . sustained over the years by a company devoted to high standards in every phase of the manufacture of its products. It is with a like steadfastness of purpose that the Berkshire has devoted its efforts to support the American Agency System . . . firmly believing that the insurance buyer can thus be best served.

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**MUTUAL FIRE INSURANCE CO.**

*Pittsfield, Massachusetts*

SERVING THROUGH LOCAL AGENTS SINCE 1835



**LUMBERMENS  
of  
MANSFIELD**

A  
MULTIPLE LINE  
COMPANY

*One of,  
America's  
Finest*

**The LUMBERMENS MUTUAL  
INSURANCE COMPANY**

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In its SIXTY THIRD year



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## YOUR AGENCY

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## Elements in Art of Underwriting: Stellwagen

(CONTINUED FROM PAGE 10)

writer's role at its best, we will be enabled to establish criteria for successful and commendable underwriting conduct. Then, to the extent that the underwriter has failed in his mission, let him confess himself to heaven, repent what's past, and strive to accept in full the responsibilities which are his.

The underwriter must preserve a free and open market. He has the responsibility of meeting all the insurance needs of the individual and of business. As you all know, they are many and complex but the underwriter who would truly serve the policyholder must be prepared to give him what he wants in the way he wants it and in the amount that he requires consistent with sound insurance principles. When American business is forced to go to foreign markets because it cannot get required insurance in domestic markets, it may properly be inferred that the American underwriter has failed.

The underwriter must preserve a receptive mind to the business opportunities presented to him, devising ways to write a risk rather than contriving excuses to decline it. In saying that I, of course, assume that the insurance desired is legitimate, that a proper premium is obtainable, and that the risk's moral hazard is good.

Frequently demands for coverage will tax the underwriter's resources. In the liability field high limits are more than ever in demand and the underwriter is called upon to develop the capacity needed for heavy commitments. True enough, half a loaf is better than none, but in these days of high judgments and catastrophic losses neither the underwriter nor the agent serves his client well by providing him only with modest limits of insurance.

It is not always easy to meet present-day requirements of the policyholder and it is sometimes advisable to resort to research and experiment before making certain coverages available. For example, the enormous and rapid growth of the accident and sickness business is bringing to the fore new problems and new opportunities. Non-cancellable policies and major medical insurance present many difficulties. The problems involved are being studied and in some areas acted upon; they must and they will yield to solution.

On occasion, demand will force prompt action. You will recall that the uninsured motorist endorsement was first offered in New York in October, 1955. Underwriters differed violently as to its virtue and its practicability and there was some disposition to experiment with it only in those states having a high percentage of insured automobiles. However, the demand for this coverage as expressed by the agents of the country was so great that

it has now been introduced in nearly all states. I think that action was a wise one; the people demanded the coverage and were entitled to have it.

The underwriter must protect the rights and privileges of individual producers but not foreclose his market to authorized solicitation. To put the matter another way, if the underwriter makes certain facilities available to one producer, he should make them available to all producers who merit his confidence.

If the underwriter would maintain the respect of producers and the confidence of the insuring public, he must maintain a stable market. The course of his underwriting should not be erratic and capricious but rather consistent and predictable.

It happens only rarely that all casualty lines show a profit in a given year. Usually one or more of them will produce an underwriting loss and sometimes one line will continue to be a losing venture for more than one year. If you will think back over the past 20 years, you will remember that there were times when some underwriters ran away from certain classes of business. In other words, they confessed defeat and closed their markets to the unprofitable lines. Later on, when the situation brightened—as it often does—these same underwriters came back into the market and with many inducements importuned the producers to patronize them on a lavish basis. The ironic aspect of the matter is that many producers did exactly that.

I feel sure that the policyholder is best served by the underwriter who is consistent—who doesn't blow hot and cold. Scores of producers have told me that what they desire most is a stable market. It is true that the underwriter must make a profit and I shall have more to say about that later. There are, however, various ways in which to deal with difficult situations from a positive and constructive point of view. Higher rates may be the answer. Extra production effort can be applied to profitable lines in order to offset the losing line. Other devices are available to the experienced underwriter.

Right at this point the underwriter needs the cooperation of the producer. Certainly the underwriter should not be called upon to enlarge his existing commitment on a losing line for a producer who persists in putting his preferred business with another company. If higher rates are required, the producer should do his utmost to sell those rates rather than comb the market for an underwriter who might misplace a decimal point.

The insurance business is a competitive business and for that we may be truly thankful. The spur of competition has made our business great and

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it will make it even greater. We compete one with another on the kind and degree of service rendered, on policy form, and on rates. And so the underwriter must function realistically in the marketplace; he cannot withdraw into an ivory tower. He is compelled to compete but his competition should be creative and not destructive.

In order to delineate the area in which the underwriter can be effective in the competition for business, it might be useful to examine the limitations which the law and common business sense impose upon him.

One of the most important things that an underwriter must learn early in his career is that there are exactly 100 cents in the dollar—not 95 and not 105. In reviewing the history of our business, it is depressing to find that some underwriters—yes, and some agents—have on occasion operated on the theory that somehow or other more than 100 cents could be extracted from the dollar. They have always failed in their quest.

In casualty rate making the average premium dollar is made up of 60 cents for losses and loss expense, 35 cents for overhead including acquisition, taxes and service costs, and five cents for profit. These are average figures which do not apply to any one specific line, although they are close to the mark-up of the automobile liability rate.

The five cents for profit is a summation devoutly to be wished. Even if it were fully realized, it is immediately reduced to 2.4 cents through imposition of a 52% income tax rate. In some lines of business, like workmen's compensation, the regulatory officials of many states have allowed only 2½ cents for gross profit. More often than not, the profit factor has operated as a contingency factor to reduce underwriting losses. Last year it failed in certain areas to offset the percentage of loss.

The loss element of the premium dollar is determined by the actual experience developed for each line of business and includes the cost of servicing and settling claims. This loss cost, that is, the percentage of the premium dollar consumed by losses, varies hardly at all between companies writing a cross section of the country's business. It does not yield to wishful thinking or rosy optimism.

The expense portion of the rate is made up of the cost of acquiring the business, company administration or overhead, taxes, licenses and fees, and the cost of inspection and the audit of exposure. For stock casualty companies doing business through the American agency system, there is but little variation in the total expense loading. The situation is different in the fire insurance business but, as I said at the beginning, I intend to confine myself to the casualty business. However, be it noted that there is considerable variation in the expense factor among classes of companies doing business on some basis other than our own. As you well know, certain companies do business direct, others through captive agents, others through retail outlets, and still others under a system involving membership fees. Many of those companies do business on an expense ratio lower than ours.

The point of the whole matter is this. When we combine our loss cost, the expense of doing business our way, and a factor for profit, we come up with a total of 100 cents and we must, perforce, charge 100 cents for our in-

surance. To attempt to write business so rates at 80 cents would be suicide; to charge more than 100 cents would put us out of the market entirely.

The underwriter must never lose sight of the mathematics of rate making because his primary responsibility is making a profit. To make a loss is to betray claimants, policyholders, and agents alike. Only by making a profit can we continue to render that service for which insurance was instituted and which constitutes the reason for our existence.

The underwriter who cannot make a profit should get out of business.

Insurance is a regulated business and the underwriter, like everyone else engaged in the business, must ever keep in mind that the laws of the several states require that rates be adequate, not excessive, and not unfairly discriminatory. The underwriter's course of action must always observe and preserve the principles underlying the stock company-independent agency relationship. It is the best system yet devised for servicing and distributing insurance to the public. Generally speaking, it costs a bit more than other methods of distribution but it is worth more.

Now, it will appear from our analysis that variability in rate rests in the expense loading rather than in the loss element. Losses are often beyond the underwriter's control and generally consume the entire portion of the premium assignable to losses.

The variability of the overhead has been utilized to solve several competitive problems. Quite some time ago underwriters and producers agreed that, as risks increased in size, acquisition and cost and certain elements of company expense could be reduced and the principle of the graded expense loading was agreed upon. By virtue of this agreement and by the utilization of retrospective rating and plan D rating, the stock companies have very largely achieved competitive equality in the big risk field.

The economy resulting from the combination into one form of coverages previously sold in four or five forms has achieved competitive advantages for stock insurance with such forms as the homeowners and tenants policies and similar package coverage in the fire and marine field.

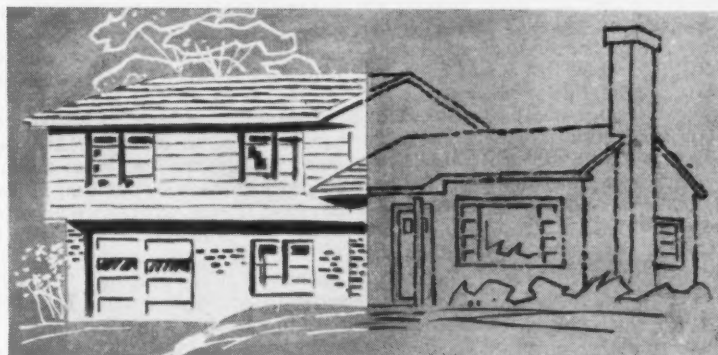
Competition in the field of individual

automobile insurance has been and will probably continue to be severe but, in my opinion, the matter of rate is only a small part of the answer to this competition. In the light of automobile experience for recent years, rates can't come down—they must go up. Whether by making some change in our methods we can bring our prices into closer relationship with those of our competitors, I do not yet know. Of this I am sure, however, that we cannot write business at a loss and we must remain true to the principles underlying the stock company—inde-

pendent agency relationship. This is the time for clear heads and calm minds.

Meanwhile, it behooves us to make sure that we stabilize our expense of operation and prevent its increase in relation to premium income. Both agent and company are faced with this responsibility and it is not an easy one to discharge. Rents and wages are constantly rising and clerical demands upon our business increase from day to day. These added costs can only be offset by increased production in the

(CONTINUED ON NEXT PAGE)



## Do you own only half a house?

This is the question our agents are asking assureds and prospects every day, pointing up the need to insure to value. How about you? Are you insuring only half a house? A co-sponsor of the \$1,000,000 TV-Radio campaign of the National Board of Fire Underwriters on this theme, The Camden helps its agents take advantage of this promotion in many ways.

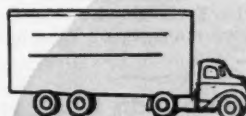
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(CONTINUED FROM PRECEDING PAGE) same way that industry generally has had to produce more in order to offset wage increases. Certainly the payment of excess commissions by short-sighted underwriters seeking ever greater premium income will not help the stock company competitive position in the long run. Countersignature commissions dictated by statute rather than the degree of service rendered are a charge on the business and, when they are excessive, a burden on stock company costs.

Thus far we have talked in general terms about the underwriter's duty to preserve a free and open market, his responsibility to maintain a stable market, and his operations under competitive conditions. It might be interesting at this point to attempt an underwriting appraisal of conditions in the casualty insurance field. As is the case with most complex situations, we will find some factors which give encouragement and others which cause concern.

On the dark side we will note the evil results of inflation, the increase in accident frequency, the rise in the cost of claims, and the higher cost of doing business. The cost of claims continues to rise relentlessly and awards

for injuries are as high as the moon.

On the bright side we will note that the premium income of casualty and surety companies is now more than \$6 billion per annum and that there is every reason for our business to grow even larger. The country's population is expanding beyond projected limits and our gross national product is the highest in our history. Last year the average family income was \$5,520 as compared with \$3,610 a decade ago, and 44% of all families in the country have incomes above \$5,000 a year. All of this adds up to a higher standard of living and an increasing demand for goods and services. In step with this development goes the need for more insurance—a need which is ever expanding but which we are not wholly meeting at its present level.

Because there is much to be done, because there are more worlds to conquer, this underwriter is an optimist. In proclaiming my optimism, I would not have it inferred that we have reason to be complacent. A review of the 1956 record of the casualty insurance business should dispel any feelings of self-satisfaction. You and I have some hard problems to solve.

We are called upon to demonstrate to rate regulatory authorities the need

for higher rates for automobile bodily injury insurance. We must preach and teach that exaggerated, non-meritorious damage awards, although originally paid by insurance companies, are ultimately paid by policyholders through increased rates. We must continue everlastingly in our own right and in cooperation with others to further the cause of safety on our highways. We must explain our business to the public and particularly to our legislators, so that legislation affecting our industry will promote and not harm the public welfare.

There is great satisfaction in being engaged in a business which has not solved all its problems but which is filled with a zeal to overcome them. It is given to us to provide the basis for credit, to give encouragement to the inventor, and to furnish security for the investor. Our policies stand guard in the home and in the office; the bank and the store, the factory and the farm; they ride with the automobile and the airplane; they surround the nuclear reactor. Let us confess our good fortune in being part of such a business. May we—stock company and independent agent in close partnership—resolve to press on to newer and greater accomplishments in underwriting the insurance needs of our country.

### So. Cal. Adjusters Told of Claims Bureau Activities

LOS ANGELES—Charles M. Morris, special agent in charge of the Los Angeles claims bureau of Assn. of Casualty & Surety Companies, speaking before Casualty Insurance Adjusters Assn. of Southern California, said in 1956 the association investigated the activities of more than 800 persons and referred 175 of the cases to authorities for prosecution. He said that a "Constant war against the professional and flagrant fraudulent claimant is the principal function of the claims bureau."

He pointed out some of the benefits that can be derived from use of the bureau's index system of liability claimants, and then described how the more than 12 million cards on file can be used as a check on suspicious claimants.

### N. Y. Mariners Club Elects New Officers

William B. Bolton of Marine Office of America has been elected skipper of the New York Mariners Club. Thomas C. Johnson of American International Marine Agency was named mate, Thomas E. Kennelly of St. Paul F.&M. purser, Vincent A. Wick of Talbot, Bird & Co. yeoman, and Edwin F. Ryder of St. Paul F.&M. and Louis J. Riley of Atlantic group directors.

The March election meeting was addressed by F. D. Snyder, engineering and service manager of Westinghouse Electric Corp.

### Ohio 1752s Plan Clinics

Ohio 1752 Club at its March meeting made plans for agents' clinics throughout the state. In addition to the cities at which clinics have been held in the past there will be programs at Lima and Athens.

Independent adjusters have been invited to attend the clinics and present their qualifications for the handling of mutual fire losses.

### Chicago IASA Group To Meet

The Chicago chapter of Insurance Accounting & Statistical Assn. will hold its spring meeting April 9 at the Congress hotel. Speaker at the luncheon will be Daniel Munn, actuary of Bituminous Casualty.

## Hull and Builder's Risk Units Elect

American Hull Insurance Syndicate has elected to the board of managers Owen E. Barker of Appleton & Cox, Seymour L. Braman of Bankers & Shippers, John T. Byrne of Talbot, Bird & Co., Robert G. Clarke of Reinsurance Corp. of New York, Harold Jackson of William H. McGee & Co., Emil A. Kratovil of Great American, Madoe M. Pease of North British, and Frank B. Zeller of Royal. Miles F. York of Atlantic companies was named vice-chairman of the board. The staff is headed by Clifford G. Cornwell, who is chairman, manager and underwriter.

American Marine Syndicate for Insurance of Builder's Risks at its annual meeting elected Martin W. Higgins of Aetna Casualty to the board of managers, along with Arnold B. Sadler of Hartford Fire, Mr. Barker, Roy E. Carr of Providence Washington, Mr. Zeller, Mr. Jackson, and Mr. Byrne. The headquarters organization has the same officers as the hull syndicate.

## Pa. Insurance Brokers Ask Court to Help Break License Ruling

Weaver, Grose, Langhart & May, Pittsburgh insurance brokers have asked the Dauphin county court to enjoin the Pennsylvania insurance department from enforcing its ruling that brokers must hold licenses as consumer discount companies in order to sell fire and casualty cover on the installment plan.

The department has ordered the firm to stop handling insurance on an installment plan basis because they are not licensed under the ruling.

## Fla. County Votes to Have Insurance Manager

Dade county (Fla.) commissioners have voted to create the position of insurance manager to direct operations of the county's multi-million dollar coverage program.

The post, which will carry an annual salary of \$10,000, was recommended in a report made to the commissioners by a special five member board appointed to investigate operations of former county insurance advisor Harry S. Brannen, after it was brought out that he had been receiving \$60,000 to \$75,000 a year in commissions from county policies he placed. Mr. Brannen, also a Miami local agent, was handling 72% of the county's coverage.

Under terms agreed upon by the commissioners, the new manager will serve full time, will not be permitted to participate in any future county coverage plans, nor be allowed to conduct a private insurance business.

## Allegheny CPCU Chapter Elects Glick President

Allegheny chapter of CPCU has elected Joseph S. Glick, local agent of Pittsburgh, president; Charles A. Reid, Pittsburgh local agent, vice-president; H. J. Zoffer, University of Pittsburgh, secretary, and Martha H. Marsh, Johnson & Higgins, treasurer.

## Bids for War Risk Cover Received

WASHINGTON—Bids for furnishing war risk coverage have been received from five insurers by the maritime administration.

The companies and bids are: Continental, \$2.78 per gross registered ton; Fireman's Fund, \$3.95; Fulton Ship Operators, \$3.50; American Steamship Owners Mutual, \$3.20, and National Auto & Casualty, \$5 per ton for victory, liberty and mariner type ships, and \$8 for CI-M motor-AVI.

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## General Re Volume Up in '56, Makes Underwriting Gain

General Reinsurance Corp. operations during 1956 produced both underwriting gains and increased investment income, Edward G. Lowry Jr., chairman, has reported to stockholders. There was an underwriting profit of \$1,130,406 before federal income taxes. Investment income was up 11%, for a total \$3,140,213 before taxes. Assets rose from \$117,560,750 to \$124,753,525. Premiums written in 1956 climbed 9% to reach \$43,962,064, he said. Of this volume, 40.2% was in casualty, 43.1% in fire and 16.7% in bonding lines. Composite underwriting ratio for all lines combined was 95.18% as against 94.86% in 1955. Unearned premium reserve increased \$2,099,000, as compared with a rise of \$798,000 the previous year. Policyholders surplus went up \$3,583,751 to \$41,623,336. Net income fell from \$3,287,327 to \$2,864,095, after federal taxes. Dividends to stockholders amounted to \$1,221,000.

The company's experience in the casualty lines was quite satisfactory, Mr. Lowry said. Combined results in surety, fidelity and credit lines were profitable, though within this group, contract bond underwriting results were poor. Fire lines were on approximately a break-even basis, having been adversely affected by country-wide rising fire loss ratios and a bad year in ocean marine and crop hail.

## Va. Agents Assn. to Hold Meetings on Auto Coverage

Virginia Assn. of Insurance Agents has scheduled a series of regional educational meetings on auto coverage.

Frank G. Holzhauer, manager of the casualty underwriting planning department of Royal-Globe group, will speak on the background and coverage of the new family automobile policy in Abingdon, April 22; Natural Bridge, April 23; Winchester, April 24; Richmond, April 25, and Williamsburg, April 26.

Ray M. Galloway, assistant secretary of State Capitol of Raleigh, will discuss family protection, auto compulsory and UJF, at the April 22-24 meetings. The same subjects will be presented by William F. Aimone, executive vice-president of State Capitol at the April 25-26 meetings.

## Elect DeRegnaucourt in Grand Rapids, Michigan

Grand Rapids (Mich.) Casualty & Surety Assn. has elected Otto DeRegnaucourt, Ohio Casualty, president; H. Neal Lynch, Fire Association, vice-president; William L. Hall, Zurich, secretary, and Louis W. DeKrauze, Hartford Accident, treasurer.

The midwest zone offices of Allstate have been moved to the Edgebrook Medical Center building at 5234 West Devon avenue, Chicago. The zone office has jurisdiction over six regional offices, in Chicago, Detroit, Kansas City, Milwaukee, Indianapolis and Denver.

## Chicago Buyers Get 'Rules of Road' for Insurance Surveys

George S. Burrows, Rollins Burdick Hunter Co., addressed the March meeting of the Chicago chapter of American Society of Insurance Managers and gave some interesting "rules of the road" for insurance buyers when dealing with agents or brokers who have been called in to make an insurance survey.

"Insurance surveys ordinarily are competitive and insurance markets, you have doubtless found at one time or another, can be unusually sensitive." Accordingly, Mr. Burrows suggested:

1. The agent or broker making the survey be instructed not to disturb present coverages or markets.

2. Conversely, that present agents or brokers be instructed to stay out of all markets other than the ones presently being used. Intrusion into a fresh market by a "cook with a clumsy spoon" can easily spoil the broth.

3. On the other hand, no harm is done by giving a competent agent or broker access to rating bureaus.

"Also," Mr. Burrows said, "because of market limitations, I should like to suggest that survey competitions, i.e., surveys made at the same time by competing brokers, are not to the best interest of the insured. Many markets rather than be caught between competing brokers will simply freeze."

Mr. Burrows told the buyers that their selection of a firm to make a survey will be influenced, of course, by the objectives of their bosses. However, he pointed out that if a full scale study is required, the firm selected to make the survey should have a plant safety, fleet safety, fire protection and boiler engineering staff competent to evaluate and plan loss control programs. In addition to technical proficiency, those making the survey should be trained in the administrative and educational techniques which are necessary to make loss control programs work, Mr. Burrows said.

"In many instances, the key to reducing costs is to control losses," he explained. "It is for this reason that engineering talent which I have specified is required. It is not very helpful to say, as an insurance analyst did in one report which I read, that workmen's compensation costs could be reduced materially by an improved safety program. The question is *how* can the program be improved."

Mr. Burrows also pointed out that the agent or brokerage house selected to make the survey should be in a position to make an impartial study—one which will not be biased toward a particular type of solution. It is conceivable that an insurance consultant, company, agent or broker might lean toward insurance, self-insurance, excess-of-loss insurance or stock or mutual company insurance, the speaker said.

He outlined the help and cooperation that is expected from a corporate insurance manager in the making of a survey. "From our field surveys and meetings with your staff at various levels," he said, "we endeavor to obtain detail knowledge of all phases of your operations bearing upon insurance. We believe that the persons responsible for planning an insurance program should themselves see the operations they are to insure. It sometimes happens that the key idea for a

new approach to a coverage will be developed from a fact picked up in the field which might never have occurred to us to inquire about if we had simply been sitting in the insurance manager's office asking questions."

"When all of these insurance and loss control studies have been completed and conclusions written," Mr. Burrows said, "you as insurance managers will be faced with the problem of evaluating, assimilating and obtaining decisions on the part of management with respect to what ordinarily is a comprehensive set of recommendations

contained in a lengthy report. To make your job easier, it is important that the report submitted be well written in English rather than insurance jargon and particularly that it contain a summary for top management."

In a lively question and answer period that developed after Mr. Burrows' talk, the speaker pointed out that a good broker does not hesitate to recommend self-insurance if he thinks the situation warrants it. He indicated that it is not by commissions alone, but also by consulting fees that a broker "makes his bread."

## The Picture of Health



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There's no doubt that everyone needs sound Accident and Sickness coverage. Here at Newhouse & Hawley you'll find exceptional A&S contracts—the best on the market — written through Lloyd's of London and Union Mutual Life Insurance Co.

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# BURSTING WITH PRIDE!

re: Company-Agency Relations

**NATIONAL UNION  
INSURANCE COMPANIES**

PITTSBURGH • PENNSYLVANIA

## SAC to Give Award for PR Aid to Local Boards

(CONTINUED FROM PAGE 6)

best work in assisting local boards and agents with advertising programs that promote the cause of the local, independent agent and which helps boards and agents in non-advertising ways such as safety, speakers' bureau, etc.

The committee in this and other ways is carrying out its purpose of forming a sound PR program for the conference, Mr. Olasov said. It also assembles materials and distributes them. It has promoted the use of the NAIA insignia and tie-ins with the National Board campaign, he said.

Mr. Walker urged agents to tie in with the National Board program. This is a first step in the right direction, he declared, and he hopes the casualty boys will join up. He suggested that perhaps this national program will roll right on.

There has always been a lot of confusion about insurance advertising, locally and nationally, Mr. White said. Too much of the thinking has been exclusively directed toward the auto-

mobile insurance business. The agency system flourished long before the auto and will flourish long after those currently worrying about it are gone, he declared.

The confusion, he said, lies in trying to convert an essentially merchandising matter into an advertising matter. There is too much reliance on advertising. Agents should not expect it to do what it cannot do, or they are going to be cruelly disappointed.

Insurance advertising, local and national, is a rare breed of cat, radically different from other kinds. It pays to advertise—but only in certain ways and for certain purposes.

The five largest classes of advertising are soaps, medicines and cosmetics, food and confections, motor cars, household appliances and aids, and hard liquor and cigarettes, he said. All are mass produced and it is in this connection that advertising has made its reputation as a big money maker.

In insurance, he pointed out, only two lines can be considered mass produced, automobile, and, to a lesser extent, dwellings. All of the heavily advertised products are things people want or need and would buy anyway. Purpose of the advertising is not to sell the product itself but to sell a particular brand. The advertising here is based on semi-scientific principles—gross exaggeration of what is being sold, which can't be done in insurance, and emphasis on point of difference, presumably a point of superiority.

The local agent must find some point of difference, "the Big I," for example, or TIS (trained insurance specialist), and set himself apart from others in the same field.

However, Mr. White warned agents that price is the most vital difference advertised in the mass market. How combat it? The agent has placed his main reliance on service. But it is well known that service is one of the weakest of all advertising appeals, price one of the strongest. Be realistic about it, he advised. The only way agents can get to their clients and prospects the difference of service is by word of mouth.

However, he added, while advertising is the controlling factor in the success or failure of most businesses that advertise in a large way, it is not the controlling factor in insurance.

"Thus advertising in and of itself won't do for us what it will do for others—because no one wants insurance. People have to have it but postpone buying it for as long as possible and buy it for as little as they can pay and buy as little of it as they can. It is sold when the agent goes out to sell it—by word of mouth. That is the reason for the agency system."

Miss Stulb said that trying to sell an insurance agent radio or TV advertising was the greatest challenge she ever encountered in the advertising field. She failed initially because she did not understand his product, his problems, and, most of all, his competition, she said.

After 16 months of handling Augusta board's account, she advised agents to "decide personally or in board action to set up a budget for advertising for a year. Make up your mind you are going to spend X dollars for 12 months. Decide what your problems in competition are, how you wish to use your advertising to best advantage in actual copy—and carefully pick the media you use. You can waste thousands of dollars advertising and accomplish absolutely nothing. At the end of 12 months you will have some definite results and a lot more knowledge."

The initial objective in advertising is to build a name, an identification, whether it is an association name or an individual agency name. She emphasized the importance of getting into public relations and letting people know the worth of the independent local agent in his community. Then, she said, if the competition is the direct writer, aim at his stringent underwriting policies.

The NAIA insignia is important for identification. Augusta has used it in many ways, as decals in agent windows, in newspaper ads, on TV shows, and on business stationery of board members. Augusta is now getting the Scotchlite bumper stickers. These items too are a part of advertising planning.

If agents are not aiming at particular competition, they should keep their names in front of the public through

institutional advertising and promotion of specific coverages, such as uninsured motorist endorsement.

The Augusta campaign has been successful and is continuing, she said. What is a good budget figure for advertising? Miss Stulb was asked. Perhaps 3% gross product (premiums) she suggested.

What are agents to do with local or regional campaigns such as "Insuror," "TIS," etc., Mr. Walker was asked in the question period. He said these could go along side by side with national programs, such as the National Board or the proposed NAIA promotion. But these national efforts, particularly that of NAIA, have to have singleness of impact to be effective.

I. A. Jones of Charlotte reported that the board there, stimulated by the Augusta program, has its own advertising campaign now well under way.

The Louisiana association's resolution, which was not adopted by SAC but which was referred to NAIA for study and advice, pointed to the unfavorable underwriting experience for many companies, especially in auto, asked that commissioners be alerted to the principle of stock company payment of dividends to stockholders from investments and mutual company payment of dividends from underwriting profits, because many smaller companies are not in position to violate them without seriously affecting their financial condition.

By compelling companies applying for deviations to justify them on underwriting results, the commissioners could be assured of adequate policyholder surplus and reserves in such companies.

Allen Smith, manager of the Louisiana association, read the resolution.

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## Diemand Reaffirms Belief in Independent Action

(CONTINUED FROM PAGE 4)

to sell. As I have said before, no industry can grow if its members cannot or will not respond to the public requirement.

So far as ability goes, insurance is in an enviable situation. Unlike businesses constantly plagued with problems of inventory and supply we have no problems of raw materials, so long as paper and ink and money hold out. The amazing advances recently made in electronic devices and business machines can greatly simplify our processing. We have in our ranks today greater numbers of better trained and educated personnel than ever before. We share with all businesses the benefit of modern and improved techniques of personnel selection and

placement. And, finally, the recent years of expansion and diversification of our general economy have given us all, in company and producer circles, a wealth of experience and training seldom equaled in a similar period. Never before has the business as a whole been better able to guarantee its growth.

This being so, and given the favorable "external" factors already discussed, we can come at once to a firm conviction that insurance is a "growth industry"—provided we can find satisfactory proof on one remaining point. Is there a universal desire among insurers and producers to give the public what it wants on terms it is willing to meet? How can we prove that this condition exists? How can we provide for its continued existence?

The best, and in fact the only, convincing proof on this point is a state of vigorous but fair competition among all insurers to afford the broadest possible coverages, on the simplest possible forms, with the best possible claim and loss services, at the lowest possible rates, and on the most convenient terms, all consistent with sound underwriting.

By "competition" I mean striving together with others in the same business for the favor of the buying public. So-called "cutthroat competition" is not competition, at all. It is economic self-destruction. "Unbridled competition" is merely an euphemism for unfair trade practices. But reasonably regulated competition must be supported and nourished in our business practices. Unfortunately competition among stock-agency companies too often is for the favor of the retailers or producers of insurance and not for the customer who pays the bills.

With this definition in mind, what can be said for the record of insurers as to competition in its proper sense? Have all segments shown an equal willingness to engage in it? No one who has been in the business for as long as 25 years can review that period and remain free of doubt on this point.

In the 20s insuring powers of American companies were limited by law and by custom to the tight compartments of fire, marine and casualty. Multiple line insurance was not even on the drawing boards, nor had the South-Eastern Underwriters case been decided declaring insurance to be commerce among the states and subject to federal law. The McCarran act consenting to certain state regulation was not even considered remotely necessary.

In this atmosphere the insurance business engaged in a high degree of self-regulation through the medium of organization and trade association agreements which were also divided into the compartments of fire, marine and casualty. Along with other activities, each organization jealously guarded the scope of its underwriting area against encroachment by the others. About that time a number of the more venturesome marine underwriters were becoming aggressive in developing forms of insurance under a concept quite foreign to the thinking of fire and casualty underwriters. Generally speaking, the marine method was the so-called all-risk approach at an agreed value as distinguished from the traditional named peril method for a cash value determined at the time of loss. For want of a better title,

it had become known as inland marine insurance.

What was the response of the industry? Did they seek to preserve the simplicity of the inland marine approach for the benefit of the public? Did they encourage reasonable competition in this area?

You all know the answer: The marine definition—by which various coverages were neatly put back into the section of the insurance sphere each of the rival underwriters had carved out

for himself. And to see that this was done, the industry went even further, in establishing the so-called committee on interpretation and complaint, to make sure that the various insurance covers got into the agreed pigeon-hole, and that all hands were made to stick to their own knitting.

Was this evidence of willingness to compete under the then existing law, and to let the paying public judge the results? Or, was it an arrangement to

(CONTINUED ON NEXT PAGE)



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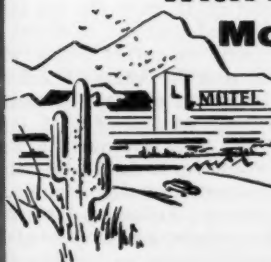
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(CONTINUED FROM PRECEDING PAGE)  
divide and rule the market, which would have led to anti-trust prosecutions in any other business? It is my opinion that this action to limit competition was one of the most potent factors in advancing the movement to grant multiple underwriting powers under the laws of the several states.

Of course, it may be said that in those days—and there are some who will call them halcyon—the law was such as to make such a definition and restrictions inevitable. State legislatures had sorted underwriting powers into narrow compartments and Paul vs Virginia was still the law.

In the mid-40s, we come to the far-reaching consequences of the deliberate policy of preventing reasonable competition in our business. One reaction of the states, when Congress passed to them the responsibility of seeing that the evils charged in the SEUA case did not occur or recur, was to enact multiple line laws which swept aside in the non-life field the barriers between the compartments of insurance which the marine definition had sought to preserve. State after

state passed rating laws, each providing that it was not intended to prohibit or discourage reasonable competition or to prohibit or encourage uniformity; and that the law should be liberally interpreted to promote the public welfare. Finally, bear in mind basic principles upon which our national economy is founded and which were repeated in the very recent federal case of U.S.A. vs New Orleans Insurance Exchange.

"Our economic faith is predicated on free competition, uninhibited by group boycotts or other predatory practices. Not only must merchandise stand the cost test of competition but services performed in connection with the sale thereof must be submitted to the same test; so that, in the last analysis, the public may have a free choice in spending its money; and businesses, willing and able to compete for that money, must have a free opportunity to do so."

The marine definition became ineffective for a period following the initial shock of the SEUA decision. However, it was revived again in 1953, incidentally with the blessing of the insurance commissioners. And it should be noted that as long as our insurance laws are written as they are, and reinsurance practices exist in their present form, it is desirable to be able to label insurance by classes such as fire, inland marine, casualty, multiple line and so forth. This is a proper and legitimate purpose for the so-called definition.

But will the definition be so used? Or will it be employed to block new coverages—despite the fact that it is doubtful that it can be so used legally. The record on dealers policies does not remove doubts on this point. To understand the thinking behind the definition as it stands today, it is necessary to go back to the old definition, and the practices under it. An illustration of the thinking to which I have reference is reflected in Interpretative Bulletin #131. In it the old joint committee ruled that the issuance of the manufacturers output policy was inconsistent with the definition and requested the issuing company to cancel its outstanding policies of that type and to refrain from issuing such policies in the future. It should be noted that the influence of this committee was considerable. Following the issuance of this bulletin, a number of state commissioners refused to approve the manufacturers output policy. The thinking is further illustrated by Interpretative Bulletin #90 which was dated Nov. 20, 1940. Let's consider its precise language:

"When a question arises as to whether the insurers have exceeded the licensed underwriting powers by insuring against perils or hazards which can be insured only by the exercise of marine or inland marine powers, the consideration and determination of the right to assume under underwriting power is within the jurisdiction of this committee, whether on a marine form or otherwise."

This thinking still exists. The only difference is that under the law today, the effort to control has shifted from the privately controlled regulatory body which method is no longer legal. Instead the hearing and appeal provisions in the rate regulatory laws are used to harass and hinder the independent. Will these actions prove beneficial to our industry in the long run,

or will they tend to reduce the stature of those employing them and bring about retaliatory action against negative efforts?

Another evidence that the thinking in our business still lies along the lines of strict segregation and control may be found in the proposed methods of controlling the rating of multiple line policies, by requiring the approval of every rating organization having jurisdiction over any element of the combined coverage, however small. Does this show willingness to compete, to pass on to the public the advantages or simplification, to have the new stand comparison with the old? And does not the referral of these matters to the individual rating bureaus indicate their tremendous power over the actions of the companies? Have the servants of the companies become their masters? Are they another obstacle to growth? Is the referral of these rating matters necessary, or is it done primarily to satisfy the insistence of the bureaus upon their jurisdictional prerogatives? In considering these questions, we should remind ourselves that growth in our industry will come from satisfying the needs of the public, and not from responding to the prerogatives of fire, marine and casualty rating organizations. A good start to break down the barriers to the competitive growth of the agency stock companies is a reappraisal of the functions and responsibility of all rating bureaus.

Insurance shares with all others the prospects of an ever increasing potential market. As the years roll on, there will be more and more people, better and better able to pay us premiums. Theirs must be our prime interest—not the companies or the rating bureaus or even the producers. Our markets will expand if we employ our best sales efforts; and our success will be greater, if we encourage more and more trained people to adopt insurance as a career, both in the ranks of producers and companies.

Free from problems of raw materials, better manned than ever before and with improvements in equipment being made very day our greatest need is the will to contend in rivalry and permit reasonable competition in our efforts to produce and sell better coverages at better prices and on better terms.

### Ohio Admits Seven Items to Commercial Property Rate

The Ohio department has notified companies, rating bureaus and advisory organizations that as of March 18 dealers policies containing coverages on household appliances, office machinery and supplies, heating and air conditioning equipment, sporting goods, industrial machinery and tools, professional or scientific instruments, or marine supplies will not be classified as marine or inland marine and may be included in the commercial property coverage rating plan developed by Inter-Regional Insurance Conference.

### Producers Meet on Flood

WASHINGTON—The producers' advisory committee on flood indemnity met with Administrator Frank J. Meistrell and suggested some more modifications of the proposed rate structure. They also discussed policy forms, rules and regulations. No decisions were reached.

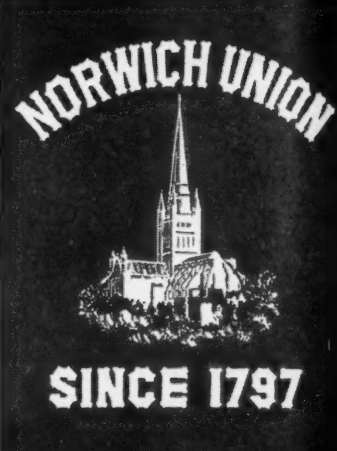
Preferred Mutual Fire of Chenango County, New Berlin, N.Y., has changed its name to Preferred Mutual.

### 35 Insurers Join Tax Committee in Three Months

National Committee for Insurance Taxation has added 35 more insurance companies to its membership since the start of 1957, increasing its total membership to 305, according to Harry B. Madsen, executive secretary.

"The increasing number of companies joining this movement indicates a growing recognition of the need for an equitable basis for federal taxation of stock companies as compared with mutuals in the fire and casualty insurance fields," Madsen said.

NCIT was formed in 1954 to seek legislation which would equalize the federal taxes of stock and mutual fire and casualty insurance companies.



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## Competition, Agent Stressed at Buffalo

(CONTINUED FROM PAGE 8)

these things themselves, but must be told. In terms of telling, he discussed the National Board countrywide radio-TV advertising campaign, observing that only through its success can agents hope for bigger and better campaigns. He said, however, that the campaign alone cannot do the whole job. Only the agent can sell insured or prospect. Emphasizing the need for agents to get behind the campaign and to use the material available from National Board, he commented upon the proposed National Assn. of Insurance program, and expressed the hope that two things—education and the fact that all selling is local—will be recognized and considered in the effort to reach and influence people to purchase insurance.

Appealing to agents to implement the insurance to value advertising program now in progress and to support future programs, he concluded: "Whether we continue moving or not depends on that extra effort in what we do today—not tomorrow."

In his address, Mr. Weghorn recommended the creation of a research, educational and informational arm for the insurance business as a means of helping the diversified interests of the business "to learn about themselves" and aid legislators.

He said that legislators look at the insurance business as one industry and do not distinguish between fire, casualty, life and other interests.

"We in the insurance business have too long allowed ourselves to be classified as reactionaries in the public eye," he said. "In issues affecting great masses of people we appear too often in the opposition role. We must recapture the progressive label, be for things, not against them, and propose, not oppose."

"Today all of us in the business have a partner. He is neither unseen, unknown, or unheard. The question is not whether this uninvited partner is welcome or not. The statute of limitations on possible divorce has long since expired. We therefore must resign ourselves to this association and set about making the most of it."

"It is up to us to decide how much or how little control this partner is going to have in the future affairs of our business. Is the government going to be an irritant, or are we going to try to get along with it and, in fact, really make it an asset to our endeavors?"

## H. L. Kelly Retires After 48 Insurance Years

Harold L. Kelly, who has been acting as assistant to the president and general counsel of Southwest General since his retirement from the accounting firm of Joseph Froggatt & Co. in 1954, has retired. He has completed 48 years in the insurance business.

Mr. Kelly started with Ocean Accident in 1909. He was with Froggatt & Co. for more than 30 years and at the time of his retirement was manager at Los Angeles and assistant to the Pacific coast manager. Mr. Kelly also spent several years with the Norfolk Casualty as treasurer and comptroller and a time with the New York department prior to joining Froggatt & Co.

Carney-Rutter agency of Milwaukee has moved to larger offices at 152 West Wisconsin avenue. Paul F. Schrage has been elected vice-president of the agency and Gordon Weber assistant treasurer.

## Discuss U.S., Private Atom Cover at Senate Hearing

(CONTINUED FROM PAGE 8)

lion in the light of the several elements affecting the hazard of the individual reactor, the charges for additional millions shall be determined as percentages of the base premium, which would range from \$40,000 down to \$7,360, with the annual provisional premium for \$50 million coverage ranging from \$250,000 down to \$59,000. He told the committee that the \$40,000 figure was arrived at after discussion with technical people and others. It was a matter of judgment, he said.

"Our judgment may be wrong," he commented, "but we hope it is not as to rates, which depend upon the reactor and the nature of the area where it is located."

Discussing third party liability, Mr. Haugh said that within the association companies do not want to hazard a loss of \$1 million for less than \$1,000, although he said he had seen a quotation of \$700 per \$1 million in excess of \$5 million coverage. In case of a reactor being located near a large city the premium might be \$10,000 or \$12,000 per million, he added.

He expressed the hope that reserves built over a period of years would enable the association to take care of a possible catastrophic loss.

He also said that the rating plan as developed contemplates a retroactive reduction of rates if the amount of losses is less than estimated. In case there were no losses during a proposed 10-year average accumulation of loss period the adjustment would be somewhere between 67% and 75%, which would be returned to insured.

Mr. Haugh told the committee that almost all stock insurers of considerable size that write casualty are in NELIA and contemplate writing cover in amounts from \$25,000 to \$3,500,000. He remarked that mutual companies are similarly banded and have a potential capacity for \$10 billion coverage.

Although his testimony presented the gist of what stock company participation in the proposed atomic insurance program would be, he did not comment on the legislation under study.

On the other hand, Mr. Kelly indicated in his testimony that Factory Mutuals support the measures before the committee. However, in line with an AEC suggestion, his group proposed that the Senate bill be amended to clarify the protection to be given under the federal indemnity program to property of the operator of a reactor which might be damaged by radioactive contamination. He pointed out that in such a case there could be no legal liability claim, since the owner of the reactor could not sue himself.

Mr. Kelly said Factory Mutuals are members of Mutual Atomic Energy Reinsurance Pool and of Nuclear Insurance Rating Bureau.

Factory Mutuals support of the impending legislation is based on the belief that enactment is imperative if the atomic energy program is to go forward. He said the companies feel that protection can be afforded without any conflict between private insurers which will provide normal cover, and the federal program to be set up by the legislation, which will be called upon only in the event of catastrophic loss.

Chairman Strauss of AEC submitted

a report estimating the amount of losses to be considered in determining extent of coverage and rates. Under the assumed accident conditions, he said, the number of persons that could be injured by the blowing of one large reactor could range from none to a maximum of 43,000; the property damage could be as low as \$500 million, as high as \$7 billion.

## Insurance Square Club of New York Elects

Insurance Square Club of New York has elected John T. Ross of Slade local agency, president; Herman Meshel, adjuster of Fred Lucas & Co., and Clifford Roche, president of American Home Agency, vice-presidents; James Russell of Whitehill agency, secretary, and Alfred Diederich of Chubb & Son, treasurer.

Zurich moved its Milwaukee district office to the new Bockl building, 2040 West Wisconsin avenue, April 1. A. D. Hazlewood is district supervisor.

## Bill Asks Insurers Pay Administration Costs of Longshoremen's Act

WASHINGTON—Rep. Bosch has introduced a bill to provide for the payment of expenses of the administration of the longshoremen's and harbor-worker's act by insurers and self-insurers authorized to write business under section 32 of the act.

At the end of the fiscal year, the cost of administration would be determined and the amount pro rated among insurers and self-insurers. The former would be assessed on the basis of gross premiums collected for risks covered by the act during the year. The latter would be assessed on the basis of the premium that would have to be paid if insurance was secured. The premium would be arrived at without regard to merit of experience rating.

William C. Baker, independent adjuster at Topeka, has moved his offices to 712 National Bank of Topeka building.

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## Name Five Speakers Give Agenda for Iowa Agents Annual Insurance Parley Convention Program

Fire speakers for University of Pennsylvania's International Insurance Conference May 20-22 have been announced.

Adolf A. Berle, former assistant secretary of state and now professor of corporation law at Columbia university, will discuss "The Relationship of Government to Private Enterprise;" Basil MacLean, president Blue Cross Assn., will talk on "The Community Association Approach to Health Insurance;" Donald M. Hobart, senior vice-president and director of research of Curtis Publishing Co., will review public reactions to insurance; Walter Klem, senior vice-president of Equitable Society, will discuss "Marketing Trends in Life Insurance;" and Erwin H. Luecke, vice-president of America Fore group, will analyze "Marketing Trends in Property and Casualty Insurance."

Also scheduled for the conference is an international reception to welcome all conference registrants the evening of May 20.

Davis W. Gregg, president of American College of Life Underwriters, and Dan M. McGill of the university's school of finance and commerce, are co-directors of the conference.

## Auto Fund Killed in NY, Passed in Md.

The New York senate killed the so-called compulsory loophole plugger which proposed an insurer operated indemnification fund for victims of uninsured motorists. The view prevailed that compulsory, supplemented by uninsured motorist cover, ought to have a year's test before that program is monkeyed with.

In Maryland the unsatisfied judgment fund, much like the New Jersey law, was passed by both houses of the legislature. Another bill combining UJF similar to the proposal in New York and the equal responsibility compulsory advocated by the mutuals passed the house.

## Indemnity of N. A. Gives W. A. Watson New Title

William A. Watson, manager of Indemnity of North America at Cleveland since 1952, has been elected assistant secretary. He joined the company in 1946 as a special agent at Cleveland and was promoted to assistant manager in 1950.

Rondeau E. Baker has joined the Colorado department as an examiner in the rating division. He has been in the general agency and agency business in Denver since 1948. He started in insurance in 1909 with London Guarantee at Chicago.

Problems and practices of fire and casualty insurance will be featured at Iowa Assn. of Insurance Agents' convention in Des Moines April 15-17.

Registration and a meeting of district directors and the association's executive committee is scheduled for opening day, April 15. Registration will continue through the following morning, April 16, when a general business meeting of the association will be held. Commissioner Bennett of Iowa will speak.

Lewis V. Irvine, director of training of Travelers, will review problems facing the insurance industry at the luncheon meeting April 16.

Gordon Refoy, executive supervisor of Western Adjustment at Chicago, will discuss reporting form and non-reporting form contracts during the afternoon general session, and will also discuss the recent decision of his company to adjust only for stock companies. A report on legislative activities and a talk, "The Changing American Market," by Warren A. King of Life magazine will also be presented.

Two panel discussions are planned for the morning session April 17. Reviewing commercial property coverage will be Robert L. Aschim, National Fire; Virgil M. Day, Aetna Fire, and Tom C. Leeper, Aetna Casualty. Lee W. Roland, Home; John J. Flanagan, North British group, and Charles T. King will analyze dwelling package policies.

Louie E. Woodbury Jr., vice-president of National Assn. of Insurance Agents, will speak at the final luncheon meeting. Nomination and election of officers will conclude the program.

## St. Paul F.&M. Makes Three Midwest Changes

St. Paul F.&M. has made E. R. Sherwood manager of the Chicago service office. Since joining the company in 1952, he has served as state agent with headquarters at Pittsburgh.

Carroll E. James has been appointed state agent and will be in charge of western Pennsylvania operations at Pittsburgh. He has been at Pittsburgh as special agent since joining the company in 1953.

James L. Hicks has been appointed special agent traveling eastern Tennessee with headquarters at Knoxville. He has just joined the company.

John P. Baun agency of Kenosha, Wis., has been organized as successor to the Davies-McCall agency. The latter was formed in 1937 by the late A. R. Davies and A. B. McCall, who remains with the firm. Mr. Baun has managed the agency for three years. Also with the new agency is Robert J. Zimmermann who has 17 years' insurance experience, the last three as manager of Western Adjustment in Kenosha.

1794

1957

**INSURANCE COMPANY**  
**STATE OF PENNSYLVANIA**

PUBLIC LEDGER BLDG., PHILADELPHIA 6, PA.



### Rocky Mountain AR Plans Report on '56

Colorado, New Mexico and Wyoming automobile assigned risk plans, managed by R. G. Shurtleff, have issued reports of their 1956 operations.

In Colorado, 4,368 new applications were received during the year and 2,116 renewal assignments were handled. Of the total, 6,402 applications were assigned, 115 were rejected by the plan, 122 were rejected by companies and 2,107 were either not taken by the applicant or were dropped. There were 61 appeals, of which 26 rejections were sustained and 26 were overruled.

Leading insurers under the plan during 1956 were State Farm Mutual Auto, Farmers Insurance Exchange, U.S.F.&G., Travelers Indemnity, and Truck Exchange.

The New Mexico plan received 917 new applications last year, handled 545 renewal assignments, and issued 1,437 policies. Seventeen applications were rejected by the plan, six by companies, and 566 policies were not taken by applicants. Four appeals were made, of which two rejections were sustained and two were overruled.

State Farm Mutual Auto was again the leading insurer under the New Mexico plan, followed by Farmers Exchange, Western Farm Bureau Mutual, Fireman's Fund Indemnity and Maryland Casualty.

Applications in Wyoming during 1956 totaled 2,079, of which 1,198 were new applications and 881 were renewals. The plan issued 2,038 policies and re-

jected 42 applications, while companies rejected 57, and 550 either were dropped or were not taken by applicants. Twelve appeals were made, four rejections were sustained and four were overruled.

Companies writing the largest amounts of business under the Wyoming plan were State Farm Mutual Auto, Iowa Home Mutual Casualty, Farmers Exchange, Hawkeye-Security and Agricultural Indemnity.

### Assets and Surplus of American Mutual Liability Hits Highs

Premiums written by American Mutual Liability in 1956 increased 5.1% to \$70,543,000. Assets climbed 5.1% to reach an all time high in excess of \$154 million, and policyholders surplus rounded out at slightly more than \$30 million, also a record.

### To Propose Only One Meeting a Year for Minn.

President John Oliphant of Minnesota Assn. of Insurance Agents will propose at the mid-year meeting April 24 at Minneapolis that the association have only one meeting a year instead of two. The annual meeting would be in the spring, but there would be an all-committee conference in August to prepare for the opening of the fiscal year in September.

North Carolina Assn. of Mutual Insurance Agents has named George Morgan of Phoenix local agency in Winston-Salem, chairman of the nominating committee.

### Hearings Continue on ICT Disaster

(CONTINUED FROM PAGE 1)

insurance company, and the campaigns for funds from union members.

Mr. Holleman, in summing up the early plans, said that three pledges were made: Low cost insurance for union people; appropriation of up to \$50,000 a year to improve public relations, and dividends to stockholders. By 1955, he added, labor people became restless and it led to the crack-down late that year and cancellation of the management contract with Jack Cage & Co.

The legislative committee questioned the labor leaders at length about directors' meetings and delved into their knowledge of Mr. Cage's investments, especially the deal involving the National Bankers Life of Dallas and the purchase of some \$2 million in bonds of a Kentucky municipality. The company suffered heavy losses in both deals, it was said.

Other witnesses included Max Wayne Rychlik of Austin, son-in-law of Garland A. Smith, former chairman of the board of insurance commissioners, and Robert A. Hall of Dallas, member of an investment firm that last year received a \$40,000 fee from ICT. Mr. Rychlik admitted that in 1953-54 he had received \$9,800 in BenJack Cage checks "for doing nothing," thereby bringing the total Cage payments to him to \$18,200 as he had testified two weeks earlier that he had been paid \$8,400—again "for doing nothing." He disclosed that about \$2,000 of the money was put into a little mutual life company Mr. Smith acquired after resigning from the board early last year.

Mr. Smith admitted that his position as chairman got the "do-nothing jobs" for his son-in-law but he insisted that he had no understanding of

give special consideration to ICT and other Cage firms.

One of the interesting by-products of the disclosures has been the dropping of the "ICT" name by two companies. Late last week the ICT Corp., a holding company now of Fort Worth, changed its name to United Texas Industries Inc., and the ICT Life of Dallas about a week earlier changed its name to Southwest Union Life.

Texas newspapers are having a field day with the Cage hearings. One paper has run a series of feature articles on Cage and ICT. Stories have been printed linking BenJack Cage with Stewart Hopps, and every ICT or Cage check written to an insurance figure has been made an issue. One newspaper report said union members who financed ICT and its empire may lose an aggregate of \$6½ million. Another story says BenJack Cage is afraid to return to Texas because he thinks he will be killed by union men or politicians. He is reported to be staying in Rio de Janeiro.

Chairman John Osorio of the Texas board was quoted in the newspapers as saying that unless someone goes to jail in connection with the Texas insurance scandals there will be many more such failures in the state.

Asked by a reporter if he thought anyone should go to prison in connection with the ICT scandal and other recent insurance company failures in Texas, Mr. Osorio said: "I certainly hope so."

He disagreed with the idea that the key to the soundness of Texas companies lies in a larger examining staff. Mismanagement, fraud and misrepresentation are to blame, he asserted. "This will not even show up even if an expert examiner is on the job. A good example is ICT."

### All-Industry Setup Opposed by Broker

Walter J. Hill of New York City, president of Insurance Brokers Assn. of the State of New York, told the annual luncheon of that organization that he is opposed to the proposal made by John C. Weghorn, New York City agent at Buffalo I-Day, that a new research, educational and informational arm be established for the insurance business.

Superintendent Leffert Holz spoke at the luncheon on problems relating to the excess lines market.

Mr. Hill said that he feared the broad public relations program advocated by Mr. Weghorn for Insurance Federation of New York, carries the danger of paternalism inherent in an industry-wide organization.

Cooperative discussion and interchange of ideas between segments of the business rather than centralization, is the principle offering the greatest opportunity for benefit to brokers and agents, the business in general, and the state, Mr. Hill declared.

Mr. Holz spoke of isolated cases of excess line coverages written under policies of various unadmitted insurers where the wording of the policy was vague and it was difficult, if not impossible, to determine the company or group which would be liable in event of loss. He also touched on the abuse of placing coverage in the non-admitted market on a basis of difference of price.

He said legislation which would have an excess lines advisory board, was withdrawn but is needed and will probably be introduced next year.

In reporting recently that **Trafford W. Tallmadge** was made a partner in the Thompson, Kincade, Hill & Powers agency, the agency was incorrectly identified as being at Louisville. Thompson, Kincade, Hill & Powers is a St. Louis agency. Mr. Tallmadge's father, incidentally, operated the Tallmadge agency at Columbus, O., for 40 years. Under a recent consolidation this is the Atkinson-Dauksch Agencies & Trafford Tallmadge. T. W. Tall-

madge's grandfather, Frank Tallmadge represented Employers Liability from the time it started doing business in the U. S. until his death in 1940. William B. Tallmadge is associated with his father in the Thompson, Kincade, Hill & Powers agency of St. Louis.

### Pacific Indemnity on Big Bond

Pacific Indemnity is surety for a contract awarded by California department of public works to Morley Building Co., Los Angeles, at a price of \$1,086,900 for work on the San Bernardino freeway campus of Los Angeles state college.

M. W. Hastings, Milwaukee manager of Western Adjustment will address the April 18 meeting of Wisconsin Casualty Adjusters Assn. in Milwaukee on general classification of fire adjustments.

Ohio Security of Hamilton, has moved its home office to larger quarters at 518 Main street.

### Midwest Agents Hear Talk on Local Board Problems

(CONTINUED FROM PAGE 1)

appeals upheld the tax-exempt status of an association of apple growers which spent almost all its income on institutional advertising, but without indicating any individual members. On the other hand, the listing of names of members in advertisements is a serious problem. Mr. Hanson said there was a favorable ruling involving an association of retailers which spent about 50% of its income for advertising but only one advertisement in the series, plus a display in a classified telephone directory contained names of members, the individual dealers paying for listing their names if they wished to do so. Internal revenue service ruled here, Mr. Hanson said, that while the listing was a particular service to individual members, it was incidental to the major activities of the association.

Mr. O'Hara discussed the tax aspects of associations writing public business. He said it seems clearly established, and has been so ruled in two recent cases, that the tax-exempt status is not affected if all the income from this business is used for public-spirited projects. There has been at least one favorable ruling where this income has been used to support advertising campaigns, pay state association dues and to refund or reduce dues to members, no member getting any refund larger than the amount of his dues, although Mr. O'Hara said he is not certain that this ruling will stand up if contested. It can be argued that this amounts to a distribution of money, since it involves making payments which individual members would otherwise have to make themselves. Where there is a distribution of these commissions to individual members in excess of the dues, Mr. O'Hara said it seems clear that the income is taxable. Depending upon the structure of the board and the circumstances of the distribution, the board itself might be taxed or the tax might fall upon the member agencies.

During the discussion, the desirability of setting up a separate organization, either for advertising or for writing public business, came in for much attention. Both Messrs. Hanson and O'Hara urged the board members to consult local counsel and warned that it is clearly established that the mere fact that an association is organized not for profit is not at all conclusive in tax matters.

### STOCKS

By H. W. Cornelius Bacon, Whipple & Co.  
135 S. La Salle St., Chicago, April 2, 1957

|                         | Bid | Asked |
|-------------------------|-----|-------|
| Aetna Casualty          | 127 | 129   |
| Aetna Fire              | 69½ | 70½   |
| Aetna Life              | 175 | 178   |
| Agricultural            | 28  | 29¼   |
| American Equitable      | 33  | 34    |
| American (N. J.)        | 27½ | 28½   |
| American Motorists      | 10½ | 11½   |
| American Surety         | 18½ | 19½   |
| Boston                  | 33  | 34¼   |
| Camden Fire             | 28  | 28½   |
| Continental Casualty    | 80  | 81    |
| Crum & Forster com.     | 58  | 59    |
| Federal                 | 39  | 40    |
| Fire Association        | 42  | 43½   |
| Fireman's Fund          | 57¾ | 58¾   |
| Firemen's (N. J.)       | 35  | 36    |
| General Reinsurance     | 49½ | 50    |
| Globe                   | 34  | 35½   |
| Globe & Republic        | 17  | 18¼   |
| Hartford Fire           | 156 | 158   |
| Great American Fire     | 38  | 39    |
| Hanover Fire            | 37½ | 38½   |
| Home (N.Y.)             | 41  | 42    |
| Ins. Co. of No. America | 98½ | 99½   |
| Maryland Casualty       | 36½ | 37½   |
| Mass. Bonding           | 29  | 30    |
| National Casualty       |     |       |
| National Union          | 80  | 84    |
| New Amsterdam Cas.      | 36¾ | 37¾   |
| New Hampshire           | 45  | 46    |
| North River             | 36½ | 38    |
| Ohio Casualty           | 23  | 25    |
| Phoenix Conn.           | 75¾ | 77    |
| Prov. Wash.             | 20  | 21    |
| St. Paul F.&M.          | 52¾ | 53¾   |
| Security, Conn.         | 33  | 34½   |
| Springfield F.&M.       | 46¾ | 47¾   |
| Standard Accident       | 58  | 59½   |
| Travelers               | 80¾ | 81¾   |
| U.S.F.&G.               | 72  | 73    |
| U. S. Fire              | 25¾ | 26¾   |



## Public Hospital Held Liable in Iowa

Iowa supreme court, in Wittmer vs Latts, 6 CCH (Negligence 2nd) 837, held a public hospital liable for injury to a paying patient caused by negligence of employees of the hospital.

Liability of this type was imposed upon private hospitals, including those operated not for profit, several years ago in the well-publicized case of Haynes vs Presbyterian Hospital Assn., 45 NW (2nd) 151, which reversed older decisions and has since been cited in similar cases in other states. The question of liability of public institutions had not been decided in Iowa, and the supreme court, in a unanimous opinion, with Judge Hays the author, reversed a lower court case and held this liability to be a logical extension of the doctrine in the Haynes case. Much of the opinion is concerned with whether the operation of the hospital by Washington county amounted to a governmental function, for which there would be no liability, the court admitting that there is a split among the different states on this point, but holding this to be a proprietary function, thus giving it the same liability as private institutions.

## Chicago Casualty Adjusters Hear PHD Appraisal Talk

At its March meeting, Casualty Adjusters Assn. of Chicago heard R. C. Devermann, Auto Damage Appraisers, review the history, functions and operations of his organization.

Known as the "Pittsburgh plan" when it was organized 10 years ago, the appraisal organization is designed to provide companies, independent adjusters and insured with fair estimates of auto PHD repair costs and to overcome unfair appraisal practices often encountered under the two or three-estimate system, he said.

Citing instances where insurers have paid far more on PHD claims than actual repair cost, due to exaggerated estimates submitted by insured and evidencing a strong possibility of collusion between insured and estimator, Mr. Devermann stated that estimates prepared by Auto Damage Appraisers can effect substantial reduction in claim cost. For instance, he said, the average reduction on claims under \$100 runs about 32%, and higher claims reflect a similar reduction.

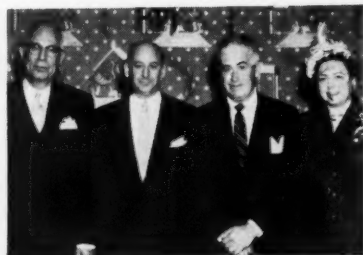
A recent innovation is the development of a drive-in car appraisal service, which is charged on a flat fee basis varying with the amount of damage involved. Two such drive-in appraisal stations are located in the Chicago area.

Maintaining 135 offices in 48 states, the system is endorsed by both National Assn. of Mutual Insurance Companies and Assn. of Casualty & Surety Companies, he said.

## Dallas Casualty Group Elects Graswich President

DALLAS—Chester Graswich, Employers Casualty, was advanced to president of Dallas Casualty Underwriters Assn. at the annual meeting to succeed Robert Edlich of American Auto, who soon will join a Tulsa local agency. Other new officers are: Vice-presidents Edward Bajorek, Employers Liability, and T. C. Anderson Jr., Yorkshire; secretary, Roy Schott, Massachusetts Bonding, and treasurer, Mack Nelson, Indemnity of North America.

Campbellsport Mutual of Campbellsport, Wis., has taken over control and operation of Auburn German Mutual of Kewaskum, Wis. The charter of Auburn German Mutual was turned over to Campbellsport Mutual.



Officers of Insurance Federation of Illinois photographed at the annual meeting last week in Chicago by Harry Fuller, midwest manager of National Bureau of Casualty Underwriters and the outgoing chairman: From the left, E. H. Henning, Central Standard Life, new chairman; Peter W. Freilich, Corroon & Reynolds, president; Ralph D. Jones, Continental Casualty, 1st vice-president; and Florence M. Manson, re-elected executive secretary and treasurer.

## Pacific National Names Rounds V-P

R. R. Rounds has been appointed resident vice-president of the southern division of Pacific National group at Atlanta. Mr. Rounds has been in insurance for 25 years. Most recently he has been auditor for Pacific National group at the home office.

## Few Additional Insurance Bills Expected in Mich.

LANSING—Insurance observers anticipate but few additional bills pertaining to the business will be introduced at the current session of the Michigan legislature. The lawmakers agreed during past week to adjourn the active session May 24, automatically fixing a deadline for introduction of bills, other than taxation or appropriation measures, of April 5.

There has been no indication, so far, of committee action on the controversial issue of compulsory automobile coverage or the unsatisfied judgment fund.

Some additional workmen's compensation law amendment proposals were offered during the past week. Each house got a bill to make facial disfigurement compensable on a basis of two-thirds of average weekly wage for 100 weeks plus a maximum of 30 weeks "healing time."

Another measure would limit the amount of term insurance that could be written on individuals under company or union group contracts. The limit would be \$20,000 unless 150% of the individual's annual compensation exceeded \$20,000 when it would be \$40,000 or 150% of compensation, whichever was the lesser. Existing contracts would be unaffected except that limits could not be raised.

## Ill. Brokers Assn. Plans Seminar on Recruiting

Insurance Brokers' Assn. of Illinois is sponsoring a luncheon-seminar on "How the Broker Can Recruit An Apprentice" on April 8. Speaker will be Frank D. Hurt, vice-president of W. A. Alexander & Co., who is in charge of recruiting and training new brokers for that organization. The meeting will be in a special dining room at Roosevelt University.

## Allstate Promotes Heinrich

William J. Heinrich has been appointed assistant vice-president of Allstate. He directs the department responsible for preparation of rates, rules, forms, coverages and other data for submission to insurance departments. He joined Allstate in 1951 as rating division manager.

## Late News Bulletins . . .

(CONTINUED FROM PAGE 1)

tornado killed eight persons and injured several hundred, but it missed the business district and the high value areas.

James F. Miazza, general manager in the southwestern department of GAB, said the earliest estimate of insurance loss is \$1,500,000. First reports show that in the Record Cross district 50 dwellings were destroyed and 50 damaged; in the Navarro district 94 dwellings destroyed, four apartment buildings destroyed, 43 dwellings damaged and 10 mercantiles damaged; in another district five dwellings were destroyed and 48 damaged and one church destroyed.

## Far West Agents Conference Elects McClure

Far West Agents Conference of NAIA, meeting this week at San Francisco, elected George McClure of Utah chairman; Paul Jones of Arizona vice-chairman, and Trev Burrow of California secretary-treasurer. The 1958 program chairman is E. H. Miller of Nevada, and the meeting next year is tentatively scheduled for Honolulu.

## Examiner Dismisses Inter-Ocean Complaint

WASHINGTON—Loren H. Laughlin, Federal Trade Commission examiner, has issued an order which, if upheld by the full FTC, would dismiss the complaint of A&S misrepresentation against Inter-Ocean.

The examiner based his action of the fact that the insurance commissioner of Indiana already has specifically regulated the advertising practices of the company. "There is no further present duty for this commission to perform in the public interest."

The Indiana commissioner's order with respect to the misrepresentation charged by FTC, though it does not exactly conform to the type order FTC would issue, "in practical effect has accomplished exactly the same purpose," the examiner stated. He added that for FTC not to issue a "substantially duplicitous cease and desist order merely to display whatever power it may have over respondent would be like beating a dead horse where the only effect would be to ruin the commercial value of its hide."

While noting that legally the Indiana order has no effect beyond that state, the examiner stated that practically speaking any order of a domiciliary state has an actual reach as wide as the spread of the domestic insurer's business.

In a case of this type, the examiner said, FTC must establish jurisdiction and public interest. Lack of either element calls for a dismissal.

While FTC has ruled "in very broad and sweeping final decisions" that it has jurisdiction over insurers selling and advertising in interstate commerce, it has not decided to what extent, if at all, it will consider, either on the issue of jurisdiction or public interest, the question of actual effective enforcement by states.

Action such as Indiana's, the examiner said, if taken by all states, "would fully relieve FTC of the heavy burden of further policing a business which can be effectively regulated at state level if the commissioners will act. Such activity would certainly effectuate the essential aim of public law 15," he declared.

## First "Fundamentals" Course Slated in Ind.

The first "basic fundamentals course" for neophyte agents will be held at Indiana university the week of April 21 under the joint sponsorship of Indiana Fire Underwriters Assn., Indiana Assn. of Insurance Agents, and Indiana Casualty & Surety Managers Assn.

Patterned after similar courses that have proved so successful in Michigan and Ohio, the course is called a "property insurance workshop," designed to prepare a new man in the business to pass his licensing examination. Office personnel and agents desiring a refresher course will also be enrolled. Indiana field men will serve as instructors. The sponsors hope to make arrangements with the Indiana department to hold examinations on the Saturday following the course.

## Newspapers Value Loss at Huntsville, Tex., Too High

Newspapers early this week gave some of the insurers a scare by reporting a \$500,000 windstorm loss at Huntsville, Tex. Estimates by General Adjustment Bureau have the total loss at about 1/10th that figure, the early statistics being 200 losses averaging \$150 for a total of about \$30,000.

Field men of Minnesota this week began a series of hail educational meetings for agents throughout the state. The meetings are scheduled for this week and through April 18.

## Glenn Waugh Is Advanced in Ohio Department

Glenn Waugh, chief examiner in the Ohio department, has been advanced to executive assistant to Superintendent Arthur Vorys. Mr. Waugh will have supervision of examinations and rating. He was an examiner from 1939 until he was promoted in 1948 to chief examiner.

In other promotions in the Ohio department, L. Hayden Jones has been named chief examiner after eight years as an examiner with the department.

## Push Comparative Negligence in O.

The Ohio senate judiciary committee by a 4 to 3 vote has recommended for passage a comparative negligence bill which would apply only to motor vehicles, street cars, railroads, etc.

## DEATHS

(CONTINUED FROM PAGE 21)  
seven years before joining Booker & Kinnard about 30 years ago.

RALPH C. GARRITY, 47, A&S sales representative in the midwest for Hartford Accident, died at Chicago.

C. M. RETTIG, 80, a local agent at Denver for 57 years, died. He retired last year as president of the Sanger-Rettig agency.



**When**  
**DISASTER STRIKES**  
**you can count on**  
**American!**

**HERBERT CONSTRUCTION CORPORATION**  
 PENTHOUSE 135 SOUTH LA SALLE STREET CHICAGO 3, ILLINOIS  
 TELEPHONE RANGLER 4-9355

13 December 1956

Dear Mr. Plotkin:

I wish to take time out to express my appreciation for the fine service you and your company gave to the Herbert Construction Corporation subsequent to the recent windstorm.

It was gratifying to see the speed and well organized effort result in quick repairs to our buildings.

Thanks again for your kind cooperation.

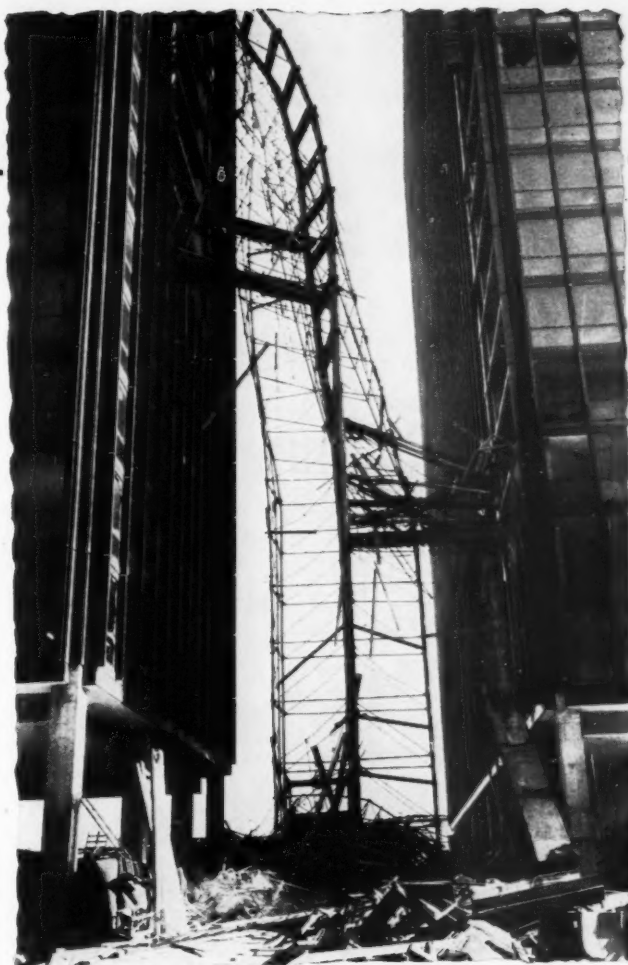
Very truly yours,

*Irving Cherry*  
 Irving Cherry

IC:pa

Mr. Howard Plotkin  
 American Glass Company  
 1030-42 N. North Branch Street  
 Chicago 22 Illinois

**Call MOhawk 4-1100**



Chicago Daily News Photo

4 AM, Friday, November 16, disaster struck at 900 Lake Shore Drive. This large apartment building, still under construction, was buffeted by excessively high winds.

During the storm a hoist broke loose and crashed into the side of the building—irreparably twisting hundreds of window frames and breaking hundreds of window lites.

The damage was substantial—running into many thousands of dollars and, more damage could be expected if the interior of the building were exposed to rain and weather. The openings had to be closed.

American was called at 5 AM and, by 9 AM, there were two truckloads of glass and a crew of glaziers at the job site.

*American Serves*  
**WITH SPEED AND DEPENDABILITY**

In order to improve our service even further, we recently had two way radios installed in our fleet of service cars and trucks.

Now it is possible to call our office for service and have a radio dispatched vehicle surveying your needs within a matter of minutes.

This constant desire to give you and your assureds the best kind of service has been responsible for the fact that 90% of our business is repeat.

We solicit the opportunity to make your assureds satisfied, thereby making your job of coverage renewal easier.

**Normand Beris, President**

*American Glass Company*  
 1030-42 NORTH BRANCH STREET CHICAGO

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Yes . . . when your future is tied to an organization expanding to help you meet the demands of *today's* and *tomorrow's* insurance markets.

Our growing national service network with complete multiple line production, underwriting and claims facilities will provide every modern aid to help you to

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